

P.T.  
1939

# BUSINESS WEEK

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## BUSINESS WEEK WILL COVER *YOUR* WAR

The "war assignment" of this executives' business paper has been clear-cut ever since the war became an eventuality to be reckoned with.

It leaves to other purveyors of information the war of military maneuvers and diplomatic *démarches* that Americans can still view as sympathetic spectators a wide ocean away from the grim stage upon which the tragedy is being enacted.

Its job is the war that is already part of the day's work of the American business executive: a war manifest in new orders and shifts of old orders, in swiftly changing trade conditions, in an increasing flow of foreign and domestic government regulations affecting business.

Interpretation of the strategy of this war and of the tactics of business men involved in it is not simply interesting to readers of BUSINESS WEEK; it is vital to their task of making swift and accurate executive decisions.

This assignment has already been taken up in preceding issues. This week it reaches a long-planned second stage with the inauguration of a "War Business Department" in charge of a special staff operating from New York and Washington, drawing on BUSINESS WEEK's facilities throughout the United States, and utilizing its foreign correspondents up to the limits of foreign censorship.

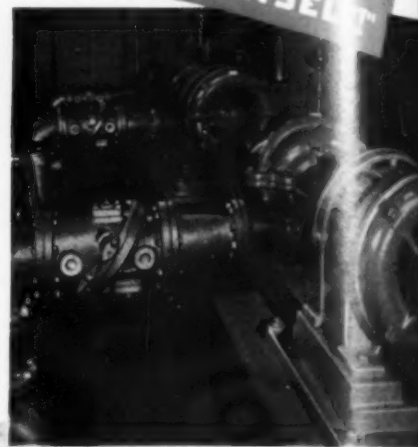
Supplementing all discussion of the effects of war on general business, this War Business Department will specialize in interpretation of the news of (1) definite war orders and business decisions on the handling of such orders, (2) the specific effects of the war on conditions of trade with belligerent and neutral buyers, (3) war-business regulations emanating from Washington and from foreign capitals. Its job will be to serve as an executives' guide to—and warning on—all these consequences of the war.

BUSINESS  
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# HOW A MICHIGAN CITY GOT MORE WATER AT LESS COST!

*Another true case history  
from the Allis-Chalmers  
files that proves "IT PAYS  
TO BUY THE EQUIPMENT  
THAT PAYS FOR ITSELF"*

**Read How Allis-Chalmers Equipment Solved a  
Serious Problem at Marysville, Michigan . . .  
Provided Enough Capacity for Years to Come . . . at  
a Pumping Cost of Only 1-1/2¢ Per 1,000 Gallons!  
Find Out How You Can Solve Your Problems  
. . . with the Equipment That Pays for Itself!**



TO ATTRACT NEW INDUSTRIES, A CITY NEEDS plenty of water . . . that's why Mayor Edward C. Guck of Marysville, Michigan, is proud of their new pumping plant — designed by Pate & Hirt . . . with Allis-Chalmers pumps giving new low costs and big capacity for future growth.

How to increase pumping capacity without increasing pumping costs . . . that's the problem of many growing industrial towns! That was the problem the city of Marysville, Michigan, met and solved . . . with Allis-Chalmers Centrifugal Pumps!

Their situation became suddenly serious when a large corporation established a new plant in the city. That's when the city of Marysville knew they had to do something to provide more water . . . economically!

More water at less cost is what

they wanted . . . and what they got. For when they built their new plant in 1938, they installed new high-speed, high-efficiency Allis-Chalmers Centrifugal Pumps. And when they figured up their costs, they found they had a sensationally new low cost of \$0.0156 per 1,000 gallons!

## **Allis-Chalmers Cuts Costs!**

Today, Marysville boasts a modern plant that gives them ample capacity for fire protection and future growth . . . strong appeals to attract new industries. And it costs them hardly more than 1 1/2¢

per 1,000 gallons. That's typical of the way Allis-Chalmers equipment solves problems . . . cuts costs . . . lowers overhead . . . improves workers' conditions . . . adds to profits!

Get the story of the Equipment that Pays for Itself! Write to Allis-Chalmers. Or better yet — there's a trained sales engineer in the Allis-Chalmers district office near you whose job it is to help you solve your production problems . . . get better efficiencies for you . . . cut your costs! Call him today.

## **PRODUCTS ENGINEERED TO PAY FOR THEMSELVES**

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



# **ALLIS-CHALMERS**

MILWAUKEE • WISCONSIN

# Accounts Receivable



**W**HATEVER you sell, however you sell it, collecting money is an important problem. Collections should be made when due, and without losing customer good will. Every step of the work should be handled accurately, promptly and economically.

Addressograph Methods of handling collection work provide the necessary safeguard of unfailing accuracy. They simplify and speed up procedures in collecting all kinds of accounts. Expense is reduced to a minimum.

The Addressograph Man near you will be glad to explain how easily Addressograph Methods can be adapted to your procedures—how they can help you to increase collections and reduce collection costs. ADDRESSOGRAPH SALES AGENCY is listed in principal city telephone books. If you prefer, write

ADDRESSOGRAPH-MULTIGRAPH CORPORATION  
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**handles the important jobs  
with speed, accuracy and economy**

Advertising • Collecting • Customer Lists • Employee Records • Installment Accounts • Inventory • Manufacturing • Membership • Orders • Payroll • Prospect Lists • Publication Lists • Sales Promotion • Shipping • Social Security • Stockholders • Assessment Records • Motor Vehicle Registration • Public Service Bills • Relief • Tax Collection • Voters' Lists

## "IS THERE A DIAGNOSTICIAN IN THE HOUSE?"

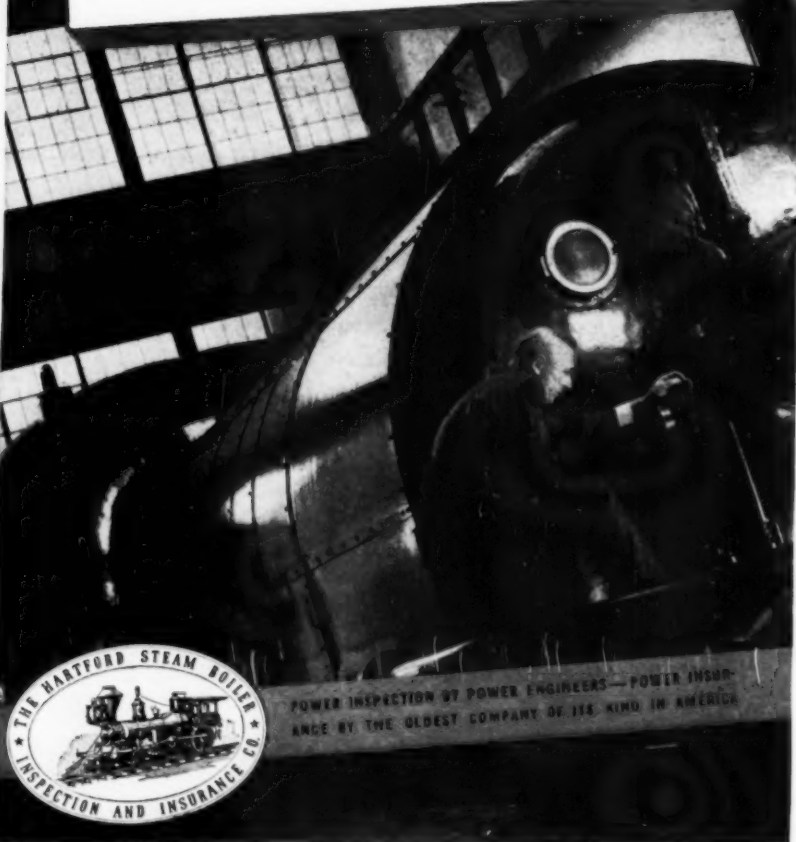
Prevention is better than cure. And much better than autopsy! Safeguarding boilers, engines, turbines, electric generators against explosion or crash by thorough inspection is far less costly or disturbing to their owners than "letting 'em ride" with a casual surface survey. . . . For insurance alone can never cover all the losses of power-plant disaster — shutdowns, lost production, maimed employees, shattered morale.

Because of a resolute adherence to this principle, Hartford has given real significance to the "Inspection" which for 72 years has featured its name. Specialists operating under rigid rules and directed by a trained engineering staff aim to make every Hartford inspection a thorough one—every "diagnosis" one that leaves no doubt of the true condition of each piece of equipment.

Ask your agent or broker for further reasons why Hartford power-plant inspection and insurance are without equal for efficiency and security.

By a wide margin Hartford leads in power-equipment insurance. Hartford also shop-inspects 90% of all American-built power boilers during their fabrication.

**THE HARTFORD STEAM BOILER INSPECTION  
AND INSURANCE COMPANY** HARTFORD,  
CONNECTICUT



## THIS BUSINESS WEEK

BEHIND much of the business news these weeks is the sound of war, but there's "business as usual," too, and BUSINESS WEEK doesn't intend to let anybody forget it by slackening up on its coverage of all the significant developments under way that have nothing to do with war. But behind the news of these and the news of the effects of the war on the markets in general, you'll find our War Business Department reporting and interpreting the news of specific war orders, specific war changes in trade conditions, specific war regulations affecting business—news that's important now and certain to increase in importance—p. 56. Beginning this week, some readers are going to start BUSINESS WEEK from the back.

### War

THE LATIN AMERICAN MARKET was worth \$250,000,000 last year. This year it's likely to be worth even more. And this year Germany, which has been supplying the market, is going to be out of the trade picture, and Britain's grip on it will be loosened. Which means a whopping big sales opportunity for the U. S.—p. 53. . . . Washington started its war on profiteering this week when the President suspended domestic sugar quotas—thus assuring producers, refiners, and consumers that the government would make sure everyone got all the sugar he needed—thus also warning the commodity markets that the government wasn't going to have any truck with runaway markets. Commodity prices are going up. The story on page 15 tells of the developments which can be expected next, tells how all the leading commodities stand right now. . . . On page 16 a full-page chart showing the fluctuation in the prices of 14 key commodities, day by day, for the past five weeks. . . . On page 38, a box tells what the war is going to mean to labor in the U. S., what shifts in labor tactics can be expected in the weeks to come. . . . On page 40, a story on what's going to happen to U. S. advertising during the

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war, what happened to it in the last war, and a nation-wide check-up of advertising men to find out what they're planning on now . . . On p. 17, how the war is affecting the oil industry. Increased demand is raising prices, and the abnormal supplies on hand, which caused the recent oil shutdown, still survive, but future developments may bring a solution to the situation.

### Housing

THE OLD CRY of the low-income family which wants to own its own home has always been—and still is—that construction costs are too high for them ever to do it. About 85% of these families have incomes of \$20-\$25 a week. That's all they can afford for monthly rent. And that means, to supply this mass-market, houses have to be built for \$2,000 or less. A new candidate for this market is the John B. Pierce Foundation house built at Lebanon, N. J.—a five-room house, plywood inside and out, with built-in furniture and equipment. The details—p. 22.

### "Bawi"

BACK IN 1936 Mississippi started a "Balance Agriculture with Industry" program, to stimulate industrial growth in the state. Under BAWI, municipalities were given the authority to finance, build, operate, and lease industrial works. BAWI is three years old now. Last year it came through a supreme court test unscathed, but otherwise it hasn't been making the news it did when it started. What it's accomplished in three years, and how it operates—p. 26.

### Insurance

IN WASHINGTON for several weeks now the Securities and Exchange Commission's investigators have been piling up testimony and documentary evidence, before the Temporary National Economic Committee, on the industrial insurance business. Apparently, the SEC wants either federal regulation of the business, or its absorption into the social security system. What's going on—"Industrial Insurance under Fire," p. 28.

### Liars

A FIRM known as Deception Tests Service Co. opened for business in Berkeley, Calif., last week. Its business is uncovering dishonest employees, and its method is to give the employees of a firm a lie-detector test. How it works—p. 36.

### Production News

A NEW FIBER is added to the broadening field of synthetic textiles—Vinyon. And the claims for it would make it one of the more versatile members of the artificial silk group. What Vinyon's got that the other artificial silks haven't got, and how these qualities compare with those of other artificial silks and synthetic fabrics already on the market—p. 45.



JEAN: "What a nerve! 60 carbons! I'll bet you were here till midnight!"

MARGE: "Not me! I dusted off our duplicator and turned out the whole job in 15 minutes!"

WHEN YOU HAVE information to flash to a number of people, don't rush your stenographer for an impossible number of carbon copies. Don't waste time routing the original copy. Turn to your duplicator . . . and to Hammermill Duplicator Paper.

HAMMERMILL DUPLICATOR gives you many clear, readable copies from every master sheet. It runs well on gelatin or spirit duplicators. On the spirit machine it is an exceptional economizer of contact fluid. You can get it quickly through your printer or stationer in white and 6 colors. Also in Hammermill Duplicator Bristol, a filing card weight. Many companies keep on hand a supply of Hammermill Duplicator with printed headings for use as price lists, memos, office bulletins, instructions to salesmen.

TEST HAMMERMILL Duplicator. Mail coupon for 100-sheet packet. We'll include a booklet, "Duplicator Facts"—useful tips on how to turn out better work on your duplicator. *Send for it now.*

LOOK FOR  
THE WATERMARK

# HAMMERMILL DUPLICATOR PAPER

MADE BY THE MAKERS OF HAMMERMILL BOND



Send  
for it!

Hammermill Paper Company, Erie, Pa.  
Please send me, free, 100-sheet test  
packet of Hammermill Duplicator Paper  
and booklet, "Duplicator Facts." B.W. 9-16

Name \_\_\_\_\_

Position \_\_\_\_\_

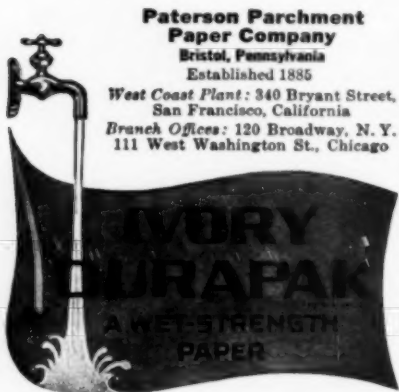
(Please attach to your business letterhead.)

# ...for the WET JOBS use Ivory Durapak

When ordinary papers get wet, fibres are weakened. The paper disintegrates. The slightest pressure makes it fall apart.

So, for wet jobs, play safe by using Ivory Durapak. Even when it's dripping wet you'll find that it is strong, sturdy and dependable.

Perhaps in your business there's a product to be packaged, and that product contains moisture, or is packed with ice. There are all kinds of situations where Ivory Durapak can be helpful. If you have a need for such a paper, let us know. We'll gladly send samples and full information if you will explain the use you have in mind.



## NEW BUSINESS

### Our Times

LOS ANGELES' *Daily News* and *Evening News* place one of these qualifying initials at the end of each War story: P.—propaganda; S.L.P.—sounds like propaganda; S.A.—seems authentic; O.—official.

A conference table that disappears into the wall when no longer needed has been designed by Milton Immermann, industrial designer, 48 W. 48th St., N. Y., for the office of Theodore N. Simonton, Syracuse patent lawyer.

Poking into the facts about linen "disappearance" from hotel rooms, Horwath & Horwath, hotel accountants, N. Y., report the following monthly losses, per 100 rooms, in 15 hotels with more than 500 rooms apiece: 13 sheets, 17 pillowcases, 1 bedspread, 1 blanket, 29 bath towels, 105 smaller towels, and 4 bath mats.

Jacob Ruppert, Inc., is distributing a new light beer, Old Knickerbocker, which will be advertised in 30 states as "the beer that made the old days good."

If each of two words, used singly, is non-registrable, as a trademark, then both words, joined together with a hyphen, are also non-registrable, according to the U. S. Court of Customs and Patent Appeals, which has ruled that Midy Laboratories, Inc., cannot register the term "Piperazine-Midy"—the first word is merely descriptive and the second is the firm's name.

### What's New?

THE "BABY-GO-ROUND," manufactured by Trimble, Inc., Rochester, is a new baby walker and exerciser. A rubber-wheeled coop travels in a five-foot circle around a pivot of cast stone.

Some 10 musical numbers are recorded on a single side of a 12-inch disc for the "Penny Phono," an automatic phonograph which plays a tune for a cent. Cinematone Corp., 1107 North Highland Ave., Hollywood, Calif., sells directly to operators.

Exhaust fumes which might annoy bus passengers are removed by the ozone-producing "De-Smellerator," according to Inventor Clarence E. Ogden of Cincinnati.

### Food Farrago

CANS OF CLOVES, nutmeg, cinnamon, all-spice, black pepper, paprika, ginger, and mustard are packaged together in a paperboard cabinet for the kitchen by American Stores Co., Philadelphia, which believes a pinch of spice in time, for a housewife, saves nine. Robert Gair Co., Inc., New York, designed it.

The research farm of the University of California has ready, for "large scale production," a new sweet Spanish onion,

a "baby" Persian melon, a new striped watermelon, and several new varieties of lettuce—with new flavors.

### Making Money

THE PENNSYLVANIA RAILROAD announces the delivery of 15 ultra-modern dining cars (5 Budd, 5 Pullman, 5 A.C.F.), each with a seating capacity of 12 more than the ordinary dining car. An "air curtain," a forced draft between slots on each side of a car, isolates the stainless steel kitchens from the dining sections.

### Sales Strut

RollOcurl Corp., 126 W. 46th St., N. Y., has a 28-by-32 inch counter display in which a gigantic moving hand calls attention to RollOcurl combs.

"Try-on hair styles" are offered to dealers by F. W. Fitch Co., Des Moines, with each purchase of Fitch's Dandruff Remover Shampoo . . . When a customer buys a bottle of the shampoo, she receives "12 lovely, authentic new hair styles"—in the form of pasteboard cut-outs that she fits over her head, to learn which color suits her best.

### Add What's New?

PINLEX PANTIES, introduced by Pinlex Inc., 300 West 42nd St., N. Y., are patented diapers with rubber buttons . . . The slogan is, "Protect Baby From That Deadly Pin!" . . . The diaper is made of six layers of very absorbent gauze, and the advertising will say there is "no bulky wad of cloth to encourage bowleggedness."

Washburn Co., of Worcester, Mass., and Rockford, Ill., offers tea strainers with frames made of Tenite, a plastic . . . The available shades are red, green, blue, ivory, and yellow, and the strainers are priced to retail at 10¢.

Metallo-Plastics, Inc., Port Washington, N. Y., offers its Tytest resealing cap, which preserves the carbonation in opened beverage bottles and isn't so high as to prevent you from getting the bottle back into the refrigerator . . . The cap increases the height of the bottle less than ½ inch . . . It will fit standard lip bottles; it's molded of Durex plastics, in red, blue, and green; and it has a flat surface on the top to carry the brand name.

Cigarette manufacturers ship their product already cartoned and with federal tax stamps already on; but state and city stamps must be affixed later, and this has resulted in various methods of slitting the cartons and affixing the stamps . . . Now Consolidated Decalcomania Corp., Grand St. and Morgan Ave., Brooklyn, offers its "Carton S. & S. Machine" (slitting and sealing), which slits the carton, applies the decalcomania stamp to each pack, and reseals the carton.

WASHINGTON

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# WASHINGTON BULLETIN

**WASHINGTON (Business Week Bureau)**—Repeal of the arms embargo will be voted by Congress—by the House swiftly and with enthusiasm, by the Senate after a debate which may drag out for weeks after the special session of Congress convenes next Thursday.

The isolationist Senators will have their say, for their right to talk will be upheld by Senators who disagree with them utterly on this issue but who are afraid to break down rules and precedents on which they expect to count heavily in the days to come.

When the roll call finally comes, the vote will be heavily for repeal, despite the arguments of Borah, Nye, Vandenberg, and others who say that changing the rules after the war game has started is decidedly un-neutral and will eventually line the United States up with Britain and France.

## Limiting Emergency Powers

CONGRESS WILL NOT, however, be so docile when it comes to vesting emergency powers in Roosevelt, either during the neutrality period just ahead or if the United States passes into the actual war stage. It will fight the President every step of the way, not only hedging such additional powers as it does hand the Administration, but definitely limiting them in such fashion that they will expire with the conclusion of peace. Indeed, there is a strong move afoot to make the expiration of those war powers more certain by finding a more exact definition of their duration.

Senators are afraid of left-wing plotting to gain out of war more permanent powers for the White House. They remember how long the war powers granted Wilson lasted after Versailles, due to the fact that the United States Senate refused to ratify the Versailles Treaty and did not conclude peace with Germany until October, 1921.

## Special Session Will Last

ROOSEVELT insists he would like the extra session to confine itself to repeal of the arms embargo and "a few other items."

But Congress will refuse to go home in a hurry. It wants to sit on the lid. It is a little dubious about the President himself and much more dubious about some of his lieutenants. Moreover, it won't be able to resist the grand and glorious opportunity to use the best forum on earth. So don't expect adjournment as soon as the neutrality issue has been disposed of. The respite between this

special session and the regular one which opens in January won't be long.

## New Dealers Ride Again

WASHINGTON as a whole is bullish—and the more New Dealish, the more bullish.

For example, the lend-spend crowd, routed by Congress last session, has rosy visions of war-spending, more than adequate to offset reduced outlays for relief and public works. They also relish the anticipated boom in business and prayerfully hope that it will not run out on them before the 1940 campaign.

The assumption is, of course, that the arms embargo will be dropped, that industry will be the loudest shouter for its repeal.

## Excess Profits Taxes Loom

TRADE ORGANIZATIONS and business men who have welcomed the invitation from Under Secretary of the Treasury Hanes to talk over plans for next year's tax revision should bear in mind that the picture is changed by war conditions. Industry representatives in Washington have their fingers crossed.

Government "defense" spending will be large; so will revenues, as industry leaps forward to supply England and France as well as the foreign markets which they are forced to evacuate. The profiteering angle, however, is importantly involved. You should realize that F. D. R. and his left-wing advisers prefer holding down prices in the first instance to taxing excess profits afterwards. They feel that

only the former method will assure positive help to the pocketbooks of American consumers and the war chests of the English and French.

The behavior of the commodity markets has aroused popular resentment, but Congress may balk at anti-profiteering measures so long as this country is on a peace footing.

Whether or not measures are devised to stop profiteering at the source, it's probable that next year's tax bill will see the start of "wartime" excess profits taxes—just to be sure.

## Big Load for Railroads

IN SPITE OF THE RAILROADS' ASSURANCE that they can handle the increased traffic, many officials here are worried that there may be trouble ahead in moving coal as industry climbs to war-time production. Ore and steel compete with coal for cars.

Rehabilitation of dilapidated railroad equipment will make its own demand on the steel industry and pinch the supply of skilled labor.

The coal industry is looking forward happily to reclaiming part of the market lost to oil when the Navy takes what it wants.

## Full Steam on Shipbuilding

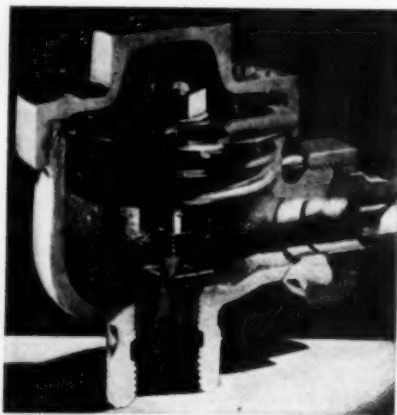
OPERATING on the "ounce of prevention" theory, the Maritime Commission, anxious to steer clear of another Hog Island nightmare, is rushing the construction of merchant ships, built to Navy-approved specifications, and is also



Wide World

Three important additions to the "war cabinet"—Federal Security Administrator Paul V. McNutt, Federal Works Administrator John M. Carmody, and Federal Loan Administrator Jesse Jones. McNutt, the best politician of the three, bends easily to favorable winds, has proved himself a good administrator in Indiana and the Philippines. Carmody

is considered radical, favors public ownership, more or less agrees with the economics of the left-wingers. Jones, at heart an intense individualist, is as conservative as an unpurged Southern senator. Appointed by Hoover, his ability has kept him in power despite the distrust of the Corcoran-Cohen element. Jones and McNutt nurture Presidential hopes.



$\frac{3}{8}$ " Webster 780 Trap—Class 2 for pressures to 60 lbs. per sq. in.; Class 3 to 125 lbs. (150 lbs. on special order). Also made in  $\frac{1}{2}$ ",  $\frac{3}{4}$ ", 1" sizes.

## On Famous Sterilizers

For years makers of America's finest steam sterilizers have been building Webster Series "78" Traps into their products to assure top sterilizing temperatures and fast work.

The Webster 780 Trap brings superior performance in venting sterilizer chambers of air, non-condensable gases and corrosive condensate. Other types and sizes of Webster Series "78" Traps keep steam chambers free of condensate and air.

To every manufacturer of apparatus using process steam, Webster Series "78" Traps offer the same operating and sales advantages now being enjoyed by famous sterilizer manufacturers... Whether your problem is sterilizers, steam-jacketed kettles flat-work ironers, textile driers, copper plating tanks, tailor's presses, pasteurizers, blanket warmers, steam tables, proving boxes, dish washers, starch kettles, paper driers or hosiery driers, the service of Webster Representatives is available to help insure correct application of the proper Webster equipment.

### GET THIS BOOK...



This book is more than a catalog. It contains 14 pages of catalog information on Webster process steam products plus 18 pages of tested application data. Ask for Bulletin 1200D.

WARREN WEBSTER & CO., Camden, N.J.  
Pioneers of the Vacuum System of Steam Heating  
Representatives in 65 principal U. S. Cities : Est. 1888

surveying the job of recommissioning the laid-up fleet.

Within the last few days, the commission has awarded contracts for ten 12,875-ton cargo ships for its own account, bringing its total of bottoms under construction and on order to 103.

In addition, it has called for bids on twenty 13,900-ton cargo ships and six 17,600-ton cargo ships for its own account, as well as seven special designs ordered by subsidized operators—a grand total of 136 new ships on paper or in the works.

The laid-up fleet of 113 vessels has been maintained in grease and paint. Some of these war-time steel boats are good as new; others need extensive machinery repairs.

There is no immediate indication of a shortage of bottoms that would interfere with gradual expansion in export trade to South America and elsewhere.

### War Eases Wage Increase

FOREIGN WAR DEMANDS are expected to cushion the jump from 25¢ to 30¢ an hour in the minimum wage Oct. 24. On the same date, the minimum wage in textiles is scheduled to advance to 32½¢ by order of Administrator Andrews, who ignored intimations from the White House that the Southern branch of the industry was entitled to a differential. War boom business may forestall a court attack on the order by Southerners.

Speculation in Washington points to possible consolidation of the Wage-Hour Division and the Public Contracts Division of the Labor Department which operates the Walsh-Healey Act's machinery for applying prevailing wage rates to labor employed on government contracts.

### Arnold Watches Prices

PLUGGING for the anti-trust laws as the front line of defense against "unbalanced prices and arbitrary price control," Thurman Arnold is mobilizing his organization to maintain contact and cooperation with the War and Navy Departments, Department of Agriculture, Department of Commerce, Treasury Department, and the War Resources Board.

Consumer complaints, already numerous, will probably be cleared through the Consumers' Division of the Agricultural Adjustment Administration.

Arnold is watching particularly the behavior of trade associations and is keeping his eye peeled for abuses under the fair trade and agricultural marketing laws.

### More and Less Trust Busting

ARNOLD'S ANTI-TRUST POLICE WORK will be abetted by the Administration for whatever effect it may have no curbing prices now. You can expect Arnold to spread himself over a lot of territory this fall and winter.

It's doubtful, however, whether Con-

## Food Prices And Profits

### A Statement of Sanitary Policy

THE FORCES of market disturbance, fear and speculation, are at work. Prices for some basic commodities have already gone up. Increases in Sanitary's retail prices on these items reflect the rise in wholesale cost, over which Sanitary has no control.

It is a fundamental Sanitary policy to earn only a small profit on each sale. Sanitary pledges that during the period of war emergency it will not change this policy; and that in the future, as heretofore, it will make every effort through improved methods to reduce distribution cost—the difference between what the farmer gets and the consumer pays. You will always be able to buy from Sanitary at the lowest prices available anywhere.

Consumers may assist materially in preventing unnecessary price increases by restricting their purchases on a normal scale. There are adequate supplies of foodstuffs for every American. Hoarding, which drives retail and wholesale prices to artificial levels, which produce prices to abnormal levels.

Machinery exists within the government to control production, storage and release of commodities, imports, exports, quotas and prices—if it should become necessary to employ these controls to protect the economic welfare of the country.

Sanitary further pledges complete cooperation with the government's agencies and with farmers producers in all efforts to stabilize prices; discourage profiteering; and maintain orderly facilities for food distribution.



With President Roosevelt exerting pressure to curb the food price-rise (p.15), Sanitary Stores in Washington pioneered a new and probably popular retail advertising theme, by pledging they would not profiteer by artificial price increases. Consumers were asked to help keep prices down by not buying beyond normal requirements.

gress can be persuaded to follow through on the O'Mahoney-Arnold proposals for tightening up the anti-trust laws in the face of war conditions. In case the United States goes in, government price-fixing and other controls established will, of course, nullify the anti-trust laws in effect if not in fact.

### Regulating Broadcasting

ALTHOUGH NEUTRALITY INSTRUCTIONS for communications and broadcasting companies have been drafted for President Roosevelt, a proclamation covering this field will be held in abeyance for some time.

Safeguards adopted by the broadcasting industry apparently are generally satisfactory, but the Federal Communications Commission used its gloved fist this week to crack down on WMCA, New York City.

The station has been asked to show cause why its license, valued at several million dollars, should not be revoked because of its alleged broadcasting of intercepted German and British military code messages.

FCC is investigating the neutrality angle of programs broadcast in foreign languages by American stations and is studying the problem of international short-wave broadcasting to Europe.



### THE IND PRODUCT

- \* Steel Ingots
- \* Automobile
- \* Residential
- \* Engineering
- \* Electric Power
- \* Crude Oil
- \* Bituminous

### TRADE

- \* Miscellaneous
- \* All Other
- \* Check Payments
- \* Money in Circulation
- \* Department

### PRICES

- \* Spot Commodities
- \* Iron and Steel
- \* Scrap Steel
- \* Copper (elect)
- \* Wheat (No. 2)
- \* Sugar (raw)
- \* Cotton (m)
- \* Wool Tops
- \* Rubber (tr)

### FINANCE

- \* Corporate
- \* U. S. Bonds
- \* U. S. Treasury
- \* Call Loans
- \* Prime Commercial
- \* Business

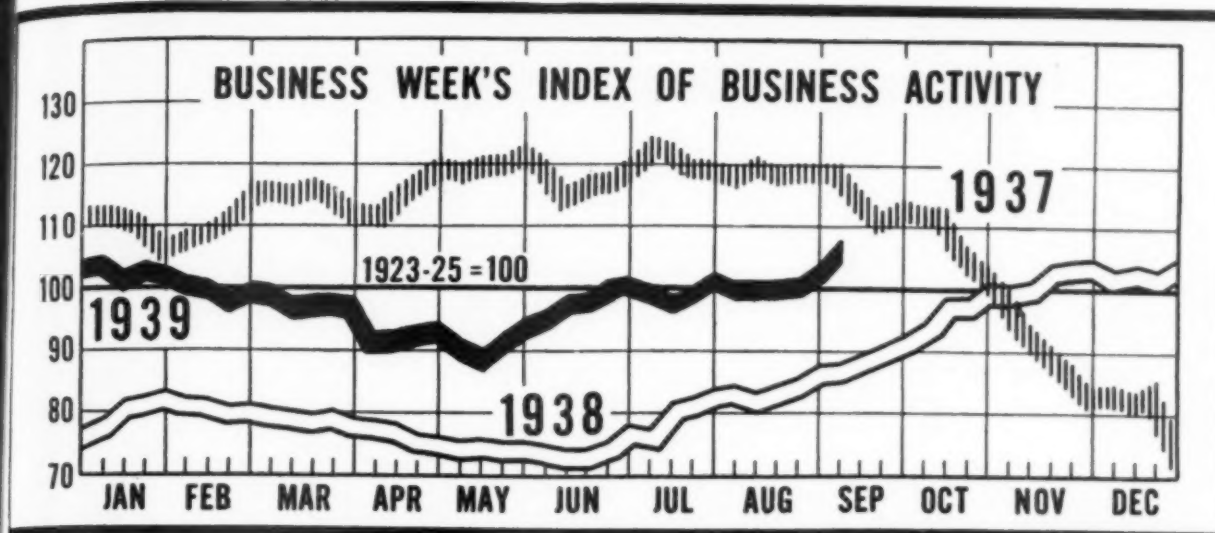
### BANKING

- \* Demand Deposits
- \* Total Loans
- \* Commercial
- \* Securities
- \* U. S. Government
- \* Other Securities
- \* Excess Reserves
- \* Total Federal

### STOCK MARKET

- \* 50 Industrials
- \* 20 Railroads
- \* 20 Utilities
- \* 90 Stocks
- \* Volume of Trade
- \* Factor in

## THE FIGURES OF THE WEEK



## THE INDEX

## PRODUCTION

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*Steel Ingot Operations (% of capacity).....	70.2	58.6	62.1	55.7	45.3
*Automobile Production .....	26,865	124,240	24,875	84,095	17,485
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,791	\$4,493	\$4,224	\$3,533	\$3,513
*Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$10,041	\$10,492	\$9,371	\$9,978	\$9,398
*Electric Power Output (million kilowatt-hours).....	2,290	2,357	2,333	2,238	2,048
Crude Oil (daily average, 1,000 bbls.).....	3,229	2,283	3,550	3,353	3,207
Bituminous Coal (daily average, 1,000 tons).....	1,350	1,283	1,217	1,407	1,156

## TRADE

*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	74	70	68	64	69
*All Other Carloadings (daily average, 1,000 cars).....	47	45	42	35	39
Check Payments (outside N. Y. City, millions).....	\$3,834	\$3,629	\$3,685	\$3,882	\$3,260
Money in Circulation (Wednesday series, millions).....	\$7,261	\$7,141	\$7,070	\$6,751	\$6,579
Department Store Sales (change from same week of preceding year).....	+3%	+3%	+9%	+7%	-3%

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	167.9	154.4	138.9	144.2	143.7
Iron and Steel Composite (Steel, ton).....	\$36.01	\$35.98	\$35.93	\$36.39	\$36.50
Scrap Steel Composite (Iron Age, ton).....	\$16.75	\$15.62	\$15.46	\$15.17	\$14.42
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	11.000¢	10.500¢	11.250¢	10.135¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.87	\$0.67	\$0.63	\$0.69	\$0.63
Sugar (raw, delivered New York, lb.).....	3.78¢	3.44¢	2.81¢	2.78¢	2.93¢
Cotton (middling, New York, lb.).....	9.64¢	9.09¢	9.34¢	9.11¢	8.03¢
Wool Tops (New York, lb.).....	\$1.075	\$0.947	\$0.857	\$0.859	\$0.806
Rubber (ribbed smoked sheets, New York, lb.).....	22.46¢	19.90¢	16.57¢	16.53¢	16.16¢

## FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.79%	5.94%	5.64%	5.53%	5.99%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.55%	2.33%	2.17%	2.35%	2.54%
U. S. Treasury 3-to-5 year Note Yield.....	1.18%	0.68%	0.43%	0.49%	0.74%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	½-¾%	½-¾%	½-¾%	½-¾%	¾%
Business Failures (Dun & Bradstreet, number).....	155	205	210	258	170

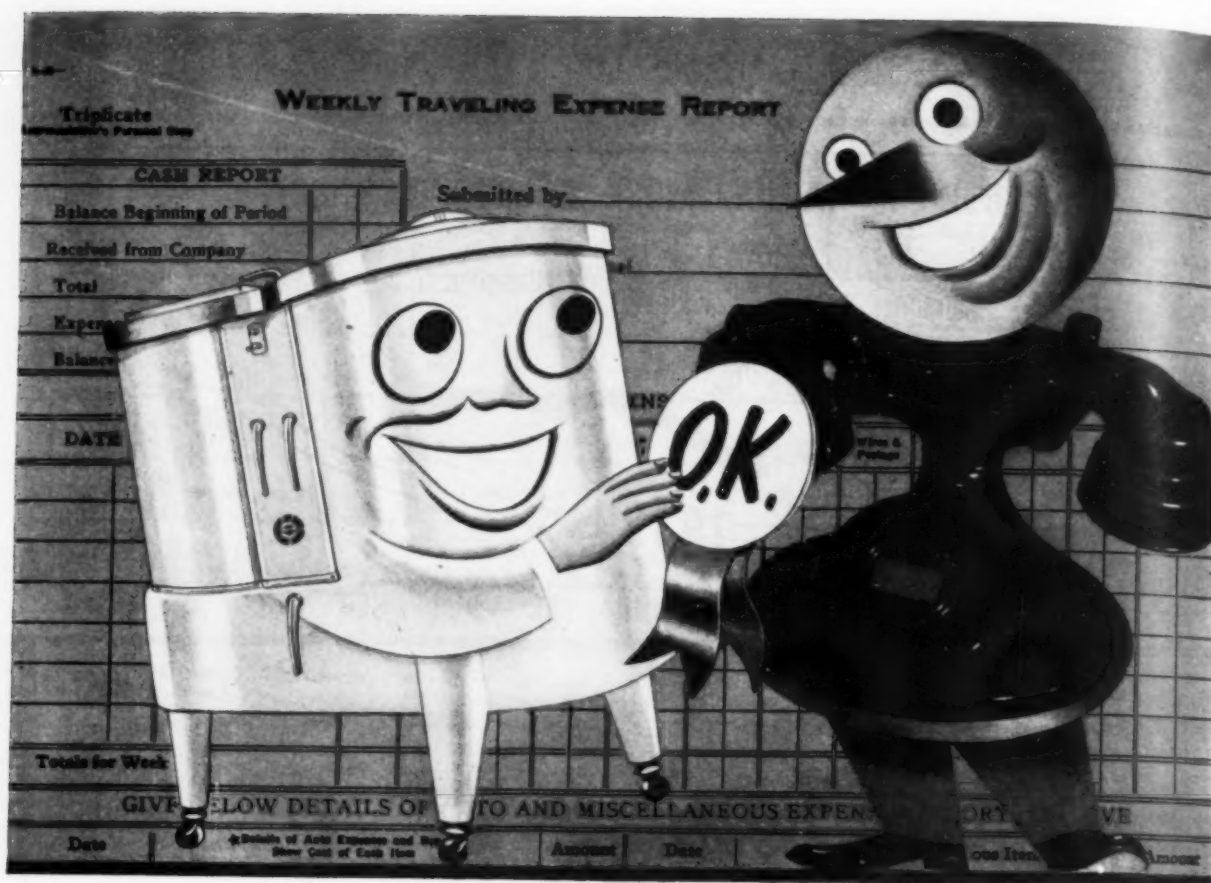
## BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	18,040	18,096	17,551	16,086	15,267
Total Loans and Investments, reporting member banks.....	22,369	22,442	22,274	21,788	20,842
Commercial and Agricultural Loans, reporting member banks.....	4,075	3,998	3,917	3,773	3,868
Securities Loans, reporting member banks.....	1,152	1,127	1,153	1,455	1,248
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	10,731	10,851	10,789	10,206	9,447
Other Securities Held, reporting member banks.....	3,353	3,382	3,329	3,244	3,154
Excess Reserves, all member banks (Wednesday series).....	4,970	4,800	4,533	3,407	3,034
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,643	2,448	2,462	2,565	2,592

## STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	126.6	115.8	112.1	125.8	118.3
20 Railroads, Price Index (Standard Statistics).....	31.8	27.1	27.5	32.9	26.9
20 Utilities, Price Index (Standard Statistics).....	65.6	65.6	71.8	72.5	56.1
90 Stocks, Price Index (Standard Statistics).....	102.1	94.0	92.7	102.7	93.9
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	3,686	13,133	637	1,009	1,238

\* Factor in Business Week Index. \* Preliminary, week ended Sept. 9th. † Revised. § Date for "Latest Week" on each series on request.



## "Long Distance is one sales expense we're glad to Okay!"

LONG DISTANCE telephone service does a man-sized job of dealer-coverage for the Easy Washing Machine Corporation.

There are 81 Easy field representatives. Every one must keep in touch with from 50 to 100 dealers as well as prospective dealers and distributors—and conduct training schools for retail sales organizations.

Training work may hold a representative in one town for a week—but he swings around his territory *on time—by telephone*. He chats with dealers, answers inquiries,

books orders—almost as if he were there in person. . . . Easy Management says, "We urge our men to use Long Distance because it's the *only* way they can handle *all* their duties efficiently."

Many other businesses have proved Long Distance profitable and in a number of different ways. Perhaps the ideas developed out of their experience would be interesting to you. Why not call in a Bell System representative—right now, while you're thinking of it?



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September 16, 1939

## THE BUSINESS OUTLOOK

**Prospect of profits ahead starts index climbing and puts capital to work. But there's also a prospect that speculative forward buying may be carried too far. Peace scares should figure in future business calculations.**

APPARENTLY, all that was necessary to get business off was the definite prospect of profits ahead. War provided that prospect and already, BUSINESS WEEK's index has started to climb. The latest gain was more than four points (chart, page 11) and another quick jump seems likely. For the rest of the year the level of activity will be higher—possibly averaging 110-115 in the index—and fourth-quarter profits will be something that corporation presidents will be glad to write stockholders about.

### No Strike of Capital Now

The stock market advance clearly indicates not only that expectation of a rise in business is widespread, but also that the so-called strike of capital which was talked about so much by the Administration a year or so ago was a matter of profits, not politics. The bull market has come about with only a nominal increase in security loans. Which means it's a cash market; which means also that as soon as investors and speculators saw a chance to put money to work profitably during a period of business expansion, they immediately did so—drawing down their bank deposits to buy stocks.

### The Bearish Aspect

To date, of course, the advance has been generated by anticipation—anticipation of increased business from Europe, from South America, from the government on armament orders, from everywhere. Corporations which had been stocking inventories of raw materials and semi-finished goods for one month's needs, immediately increased their commitments to six months' supplies. This is the stuff of which bull markets are made; but it's also the stuff out of which catastrophes develop. And though there is every reason to believe that present business levels will hold or rise, there is also every reason to plan future operations on the theory that the present pace of the advance cannot continue and that business and the markets—having risen so sharply—are more susceptible to shocks and surprises.

It is only necessary to look back at the antics of the stock market during 1914-18 to discover that wars introduce a new uncertainty into business calculations. Once industrial activity here be-

### In the Outlook



Blackstone

*As the Neutrality Law takes hold, all eyes focus on Basil Harris, who has resigned as vice-president of the U. S. Lines to become Commissioner of Customs, in charge of the practical questions of enforcing neutrality, preventing shipments in violation of law, preventing outfitting of raiders, etc. Important developments will probably be decided by the Dept. of Justice, carried into action by Harris. Rules and regulations issued during the past week and tabulated in the new "War Business" Department—p. 56, provide an idea of the kind of complication which is likely to make Mr. Harris' life a harried one—even if there aren't any more incidents like the "Bremen" for him to handle.*

gan feeling the impact of the World War, business men immediately watched the course of the battles overseas—and stocks reacted accordingly. Business came under the influence of the ups and downs of the fortunes of the Allied armies and likewise under the influence of speculations on a long or a short war. And so it will be—indeed, so it is—this time. The war is not a month old and business men's conversations are studded with conjectures on how long will it last and always they wind up with this final, crucial question: What will happen if peace suddenly comes?

### Jittery Months Ahead

Right now, business is definitely attuned to a long war, rather than a short one. A sudden peace would deflate commodity and stock prices, probably would recreate a demand for bonds, and most certainly would precipitate wholesale cancellations of orders. Indeed, in the months to come, business men will be susceptible to peace scares, just as for the last two years they have been susceptible to war scares. Therefore, it is not to be expected that the business curves will move smoothly upward from now on. There will be nervous months ahead—demanding cool management.

### Rail Equipment Demand

As yet, however, the force of the initial rush of orders is not spent. Steel operations this week rose to 70% of capacity, highest level since the fall of 1937. There is talk of a rise in prices, and it's certain that fourth quarter finished steel quotations will be on an "until further notice" basis. Steel is having one of its feast periods. The industry can make money at current rates of operations, and a jump of five to 10 more operating points is probable this fall. Automobile companies are rushing their specifications and there are reports that some companies, in order to take delivery, are making plans to store steel—as against the usual policy of shunting it directly from freight siding to assembly line. Railroads are busy rehabilitating freight cars in expectation of a bigger-than-seasonal rise in carloadings this autumn. Thus, the railroad equipment industry, which was due for a rise anyway (BW—Sep 23, p. 11), will undoubtedly pick up, and add to domestic demands for steel.

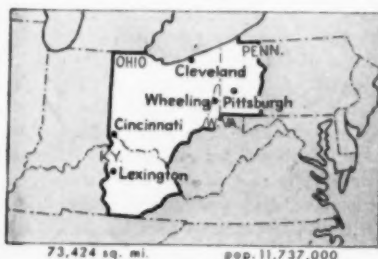
Consumer goods, as well as the heavy

industries, have felt the stimulus of this sudden buying urge. On Wednesday of this week, for instance, it was impossible at one time to reach a large selling agency for print cloth manufacturers by telephone—because “all the men were tied up” on long-distance calls. Such a pace, of course, won't continue long. Indeed, there are indications already of a quieting-down. But mills are still not

anxious to book orders far ahead, despite the 20% rise in cotton cloth prices and a 15% advance in woollens by the American Woolen Co. Though the war is the dominant factor in the current business upsurge the base for a substantial rise in industrial activity had been laid before England and France took up arms. As stated here, the business index was due to rise sharply in September once the

automobile companies started full schedules on 1940 models (BW—Aug 12, p13). So, war or no war, business would have been good. The danger right now is that things may be carried just a bit too far too quickly. It still remains to be seen how much foreign buying there will be. But at any rate, barring a peace shock, a higher level of activity seems definitely established.

## The Regional Business Outlook



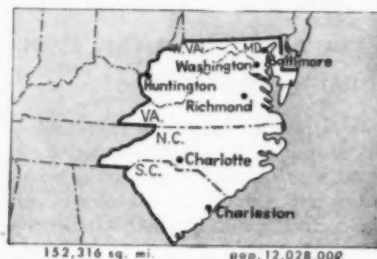
**CLEVELAND**—This distinctly “war baby” area—steel, industrial machinery, and coal predominate—is full of rumors of huge foreign inquiries, but the real business is coming from American companies that are putting in bids for supplies now as a guard against congestion from foreign demand later.

### Coal Demand Rises

But war has provided one direct stimulus—in coal. Appalachian producers have been getting inquiries from England, something which happens only during wars or strikes in Wales, and Kentucky mines are considering bids on former British and German business in South America. This unexpected demand from the outside for bituminous has lifted the rate of production, which early in the year had been at winter levels. Mines have been working away to replenish strike-depleted stocks and keep up with current demands.

Cancellation of the National Machine Tool Builders Association show (BW—Sep 9 '39, p9) re-emphasized the high-capacity operations of the tool companies. But the investment in the show was not a total loss. In two instances, Canadian companies bought out the exhibits, themselves.

The sharp jump in steel operations naturally sets the pace for this area, particularly in and about Pittsburgh. Many companies are expanding payrolls by working employees overtime, rather than by putting on men and incurring the risk of subsequent penalties under the merit-rating provisions of the Ohio unemployment insurance law. Retail trade—as is to be expected with business brisk—is also active. August department store sales were the highest since the autumn of 1937.

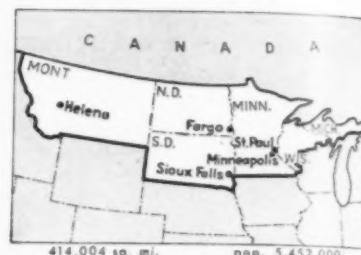


**RICHMOND**—War shut down all leaf tobacco markets this week in North and South Carolina and cast a dark shadow over the prospects of farm income in this area during the next few months. Withdrawal from the market of Britain's Imperial Tobacco Co., which invariably buys from 30% to 40% of America's flue-cured leaf, caused suspension of auctions. Prices already were down as much as 10¢ per lb. from last year's average, and continuance of sales—with Imperial out—was injudicious.

Growers figure that they can store their leaf for three to four weeks without important deterioration, and are hopeful of Imperial's early return to the market. If history repeats, cigarette consumption will rise in war-time—and therefore it is quite possible that the buyers shortly will demand a reopening of the auctions. But with prices down, income—even on the larger crop—will be considerably lower than last year (BW—Aug 19 '39, p14).

### Auto Sales Up 50%

The rise in the cotton price is only a moderate offset to this temporary loss of income from tobacco, but the sharp increase in demand for cotton cloth in New York City is a boon to textile mills throughout this region, and many companies are booked up to capacity. The launching of the *America* at Newport News the last day of last month signalized the return of shipbuilding as a major activity in this Reserve district and focused attention on the increased rate of operations at Bethlehem Steel's mills at Sparrows Point, Md. Aside from the tobacco setback, the business situation has been good—for instance, automobile sales in the first 8 months topped last year by 50%.



**TWIN CITIES**—Business in this essentially agricultural region has taken a turn for the better these last two weeks—as a direct consequence of war. The rise in wheat and meat prices boosts farm income, but the immediate impact is on mining in the Mesabi Range.

### Iron Ore Squeeze

With the nation's steel operations up sharply, iron ore requirements jumped, and it suddenly became necessary to ship 14,000,000 tons of ore instead of 8,000,000 before the Great Lakes ice over in November. Chief effect will be to reduce Minnesota's relief load, rather than bring a boom to the head of the lakes.

Non-ferrous mining also has received a war boost. The jump in copper to 12¢ has lifted operations in Montana and a further rise may put some life into the old Upper Michigan mines which were heavy producers back in the 1914-18 period.

Backbone of this Reserve district, however, is agriculture, not mining. Spring wheat production is down some 20% from last year, so the rise in price—with the crop just moving to market—comes in the nick of time. And corn above 57¢ would soon melt the loan seals on 24,000,000 bu. on farms in Minnesota and South Dakota besides putting unexpected cash in farmers' pockets. Livestock receipts are up with prices.

In consequence of the war lift to farm income and mining, the outlook for merchandising has improved from a month ago (BW—Aug 19 '39, p14), but business men generally are not over-optimistic. People out here remember only too well the painful after-effects of the last war boom.

The Regional Outlook surveys each week three of the twelve business areas of the country.

## The Problem Now Is Prices

War pushes them up but there are other factors that could bring them down. What to watch and how leading commodities stand.

FIRST GUN in Washington's war on profiteering sounded this week when President Roosevelt cracked down on sugar. He suspended the domestic sugar quotas, and that had the effect of telling producers and refiners and consumers that the government would see to it that everybody will get all the sugar he needs. To the commodity markets in general it was a warning that the President and his advisers don't have too much sympathy with runaway markets.

Business and the government are caught between cross-fire in these frenzied markets for raw materials. It's quite true that prices of many commodities have long been ruinously low from the standpoint of producers. And there's no question but a protracted war in Europe would bring about many sweeping advances in quotations. Yet helter skelter markets impose a great burden on industry, and they arouse the ire of Washington authorities who suspect profiteering.

In the case of sugar, the law gave the Administration an easy method of stemming the rise. Quotas protect the domestic market, keep the price above world levels. The ability to suspend the quotas gave the government a means of letting in more sugar and pushing down the domestic price toward world levels.

When it comes to price controls on other raw materials, Washington has few such effective thumbscrews. There are, nevertheless, many outside factors which will prove detrimental to commodity rises just as there obviously are things inherent in war which work for higher prices.

### Impact on Goods, Prices, Credit

These outside factors are, in general, more elusive than the visible governmental controls. Some of them are so subtle that they won't be felt until after this initial boom is over—and they can quite conceivably cause a severe secondary reaction in those commodities where the price rise proves to have been too rapid. A few developments which will bear watching are the following:

High prices will stimulate production of raw materials.

Difficulty in getting ocean shipping space, high freights, costly war-risk insurance, and blockades will interfere with the flow of goods.

Sharp application of controls over prices and industry generally in both

England and France will alter consumption trends drastically.

Import restrictions are in force in England and France.

Large war stock piles in Europe will postpone the day of big demand for many vital commodities.

Exchange gyrations and difficulties in arranging credits will hamper exports.

Latin America, shut off from the German market and facing low fixed prices in London, will divert some exports (such as metals) to the United States.

Washington will continue to try to take a hand in assuring supplies and in preventing rapid price rises.

Cartels already have risen to the emergency by raising quotas.

The impact of detrimental factors will differ with every raw material. Surpluses are unduly heavy in some, don't exist in others. Washington will tend to be less restrictive on domestic farm prices than on industrial raw materials. Shipping difficulties are severe in some cases and virtually nonexistent in others. Positions of leading commodities follow:

**Wheat**—The American farmer already is thinking fondly of dollar wheat. Small matter that the world now has a record

supply of 5,300,000,000 bu. without Russia and China. Small matter, too, that carry-over and the 1939 crop in the United States will total nearly a billion bushels, and that Canada's 1939 crop is likely to be 430,000,000 bu., up 100,000,000 from last year. The market has been more interested in the fact that England is reserving most of Canada's and Australia's wheat. It is reliably reported that John Bull also has contracted for 100,000,000 bu. from Argentina. Even though the combatants may have large stored supplies of wheat, most Americans look for a pretty brisk export market. Farmers may bid goodbye to Sec. Wallace's acreage control program and plant all the wheat they think they can sell.

**Cotton**—About 4,000,000 bales of cotton still are pledged under federal loans and Sec. Wallace has taken over some 7,000,000 bales in default of 1934 and 1937 loans. About 700,000 bales will go into the rubber-cotton barter arrangement. With Uncle Sam holding 10,000,000 to 11,000,000 bales off the market, and with foreign mill stocks of American cotton unusually limited, the supply of nearby cotton remains extremely small. On the other hand, the government estimate of the current American harvest has been raised almost a million bales to 12,380,000. Add the carryover of about 14,000,000 bales, and the 1939-40 supply foots up to nearly 26,400,000 bales (world use of American cotton rarely hits 13,000,000 bales). Any further rise in prices would encourage planters to enlarge 1940 acreage, and to stem this Sec. Wallace could liquidate some of the cotton in his hands. Meanwhile, representatives of the cotton producing countries, meeting in Washington, agree that war will cut world use.

**Copper**—Buyers of copper products have deluged fabricators with orders for

## SCARCITY—AND SCARE—BOOST FOOD PRICES



A little scarcity—more properly defined as temporary shortage—and a lot of scare set traders in produce pits to bidding wildly, and house-

wives to stocking pantry shelves after the outbreak of war. Result: soaring prices—as this chart of 31 wholesale food quotations shows.



the last two weeks. Manufacturers, in turn, have called it pure panic, but when they get orders they need copper to fill them. So they have had to go to producers for big tonnages. Thus, with less than 300,000 tons of copper on hand, producers have something like 450,000 tons of orders on their books (for shipment over about five months). But that makes no allowance for current production. With the price above 12¢ a lb., it is profitable for high-cost producers to step up output. It won't be hard for the United States to turn out 90,000 tons a month.

**Tin**—Supplies of tin in England and the United States are not too large. Moreover, buyers in this country are fearful lest supplies be hard to move from the East Indies and Malaya. Freight rates and insurance are high on this, the dearest of all the base metals. Yet the mills hope they can get sufficient metal at prices not too high, for they have reaffirmed fourth quarter prices at the prevailing \$5 a base box (the tin cartel's boost in shipments to 60% from 50%, retroactive for the third quarter, helps to keep the market in hand). If the mills have trouble, they have left the door open on prices. They say the \$5 price may be canceled without notice.

**Zinc**—The metal trade looks for present prices above 6¢ a lb. to boost zinc production in this country sharply since that's a nice price even for the high-cost mines. Recent output has been around 40,000 tons a month, but August's apparent consumption rose virtually to 50,000 tons. Unfilled orders total 43,000 and stocks on hand have been drawn down to 122,000 tons. It will take time for output to rise in order fully to reflect the improved price and, meanwhile, the zinc trade is pretty cocky.

**Lead**—Something of a ceiling may be imposed on lead by the fact that present prices around 5½¢ a lb. probably will attract metal from Mexico and South America. England is pegging the price in London (as is the case with many commodities) fairly well below American quotations, and that doesn't invite exporters to ship to England.

**Manganese**—The United States didn't get around to building its war stock pile of this vital steel-making material, and Russia, the principal source, now is a little difficult of access. Cuban production will get a big boost, and Brazil also will profit. Prices now are between \$20 and \$25 a ton; if they go up somewhere near \$50, domestic low-grade deposits could supply this country's requirements.

**Quicksilver**—Since every shot fired in war uses fulminate of mercury as the basis of detonation, the Italo-Spanish cartel has had no qualms about pushing the New York price from under \$100 to strictly nominal prices around \$135 a flask (76 lb.). At that price, California, Oregon, and Nevada producers are hurriedly making plans to rehabilitate abandoned properties and speed output of mines already operating to boost domestic production from the present level of 10,000 flasks a year to about 25,000. (The United States used about 35,000 in both 1936 and 1937, fairly good years.) Domestic producers in San Francisco, nation's quicksilver center, reluctantly had to turn down on Monday inquiries from Japan for 500 flasks.

## Stymied Shipments



*A consignment of American Lockheed bombers lands safely at Liverpool, but the rest of this order can't be delivered to the British government now, as long as the present U. S. neutrality legislation remains in*

*force. U. S. manufacturers stymied in their delivery of war supplies to Britain and France, continue to work on orders, however, confident the Neutrality Law will be changed, the embargo on war materials lifted.*

**Sugar**—Housewives started the sugar panic; President Roosevelt finished it. When raw and refined sugar prices boomed, domestic refiners got their first break in years. Quotations for a long time had bumped along near all-time lows (after deduction of tax). Cut-throat competition persisted. Inventory losses were almost continuous, rather than an occasional misfortune. And red ink was quite general. When housewives began to buy to hoard, the refiners were caught short of finished stocks, although they had plenty of raw sugar. But, as prices wavered between 6¢ and 7¢ a lb. at retail, the President acted. By suspending quotas, he invited all comers to send all the sugar in that could climb the tariff walls.

**Hides**—Total visible supply of hides and leather increased moderately after June 30. The stock is figured to represent only 13,027,000 hides, however, and computing this to be about 7.8 months supply, the trade feels that war demands will be such that prices should continue relatively firm.

**Rubber**—Manufacturers of tires and mechanical rubber goods apparently have taken the advice of the Rubber Manufacturers' Association that there will be enough crude rubber to go around. After a sharp rise, crude rubber prices weakened materially. Nevertheless, manufacturers are staying on the safe side by trying not to let customers stock up on mechanical rubber goods. Stocks of crude in the United States, at 174,240 long tons, are equal to less than four months' requirements at recent rate of operations.

**Cottonseed Oil and Lard**—Increase in the estimated cotton crop boosts the probable cottonseed oil supply correspondingly, and lard production for the season

starting Oct. 1 is expected to be upwards of 1,500,000,000 lb. compared with about 1,250,000,000 lb. in the season ending Sept. 30. The trade feels that the jump in price of these two competing fats is at least in part justified, despite large supplies, because quotations recently had been so low.

## War Stills Oil Turmoil

**Increased demand spurs prices, promises to ease supply situation.**

THIS WEEK, the petroleum industry was once again sailing along on a comparatively even keel after its brief shut-down spree. Refinery operations remained excessive. Gasoline stocks were still abnormal. But as a result of the war, gasoline prices generally were being tilted by refiners and marketers.

Last month, when Texas, Oklahoma, Kansas, Louisiana, New Mexico, and Arkansas (which collectively produce about 70% of our domestic output) abruptly clamped shut their wells for an average two weeks (*BW—Aug 19'39, p.36*), turmoil was the order of the day. The shutdowns came in response to the cuts which several big refiners instituted in the price which they regularly announce they will pay for crude oil.

Although some 34,000,000 barrels of oil were probably kept underground (and crude oil production accordingly curtailed) as a result of the shutdown, refinery runs continued at the daily high

pitch of 3,475,000 barrels. The result was that, when the holiday was over, the industry was still left on Sept. 2 with 12,200,000 bbl. of gasoline to work off by the end of this month—if it wanted to achieve the economically desirable 61,000,000 bbl. level at that time, when the consuming season ends.

However, in damming up production, the six states did accomplish their objective. They forced the refiners to restore their buying prices to the former level.

### Illinois Goes Right Ahead

The shutdown was characterized by one outstanding anomaly: the "regulated" states took it on the chin and slashed their production, while such "unregulated" states as Illinois, the principal bad boy of the industry, went right on with production. During the two-week holiday, while the total national average daily crude oil output fell from 3,550,100 to 1,690,000 bbl., Illinois output forged ahead, from 296,000 to 310,000 bbl. daily.

This week, however, the probability that Illinois would join the fold of "regulated" states loomed on the horizon. After an exchange of correspondence between President Roosevelt and Governor Horner in which the President is understood to have urged conservation, a four-point plan for regulation was suggested which would set up a commission to establish production allowables.

Oil men had other good news this week: prices were up. On Monday, Standard Oil of Louisiana and Standard Oil of New Jersey led the way with per gallon increases of  $\frac{1}{8}$ ¢ and  $\frac{7}{10}$ ¢ respectively; other refiners soon clambered aboard the handwagon. But the increases came not as a consequence of the restoration of the buying price for crude. They came because of war.

### Oil for Europe's War

Although an exceptional demand has not yet materialized, there have been inquiries from Europe for oil, both crude and refined. Already this week, there were unconfirmed reports that shipments of oil were being worked out of the Gulf Coast, with at least one cargo destined for one of the combatant countries. Even California producers, although they are farther removed from the war zone and must ship to Europe through the Panama Canal, have been noting increased foreign inquiry. Russia is understood to have been buying gasoline in California for military use in Siberia.

There's one catch to this war business. Oil companies refuse to use their own tankers for European business, unless the cargoes are scheduled for neutral ports. Trade sources reported they couldn't get tanker quotes to Europe this week; at the same time, coastwise tanker rates were sharply increased.

What this European demand will develop into remains to be seen. It depends on a number of factors—the govern-

ment's policy about oil conservation in the present "emergency," difficulties of shipping, credit arrangements, and other such factors. If this demand does develop, then it might take care very nicely of the industry's surplus stocks. That is why producers keep producing and refiners keep refining far above domestic requirements. That is why, too, Texas this week raised its daily production allowables some 110,000 bbl. to 1,529,700 bbl., when the Bureau of Mines had

### Back in '40



*First commercial exhibitor to sign up for a second year at the New York World's Fair was Carrier Air Conditioning Corp., this week. Carrier, whose sales, for the first time this year, have followed a level, rather than a seasonal trend, hands a large share of the credit to its exhibit.*

figured estimated demand to be 121,400 bbl. less. Last year, domestic oil producers were the second biggest suppliers to France and Germany and the third biggest to the United Kingdom.

Meanwhile, the industry went another inning in its assorted court fights, scoring one run and being scored upon in turn. In Danville, Ill., a grand jury that went to work last June (*BW—Jun 3 '39, p18*) to determine if practices involved in the Madison trials were still being continued, reported "no cause for action." Some of the oil company defendants in the Madison case charged that the probe was fishing for evidence to use in the second Madison case (concerning jobber contracts) which is yet to be heard. Over in St. Paul, eight Illinois and Wisconsin jobbers filed suit in Federal District Court for \$1,592,571 in damages from 12 big companies. Basis of the suit was the usual one: conspiracy to fix margin profits in violation of the anti-trust law.

## Autos End Labor Woe

**Only Ford survived series of strikes, now ended, without damage. Oldsmobile has fluid transmission.**

DETROIT PRODUCTION LINES are rolling, free for the present at least of the work stoppages, resulting from strikes, that have plagued the auto industry since the 1940 model year got under way—this year considerably earlier than usual. The picture was cleared last week when the strikes called by the C.I.O. wing of the United Automobile Workers at the Warner Gear plant in Muncie and the Bendix Corp. in South Bend were settled.

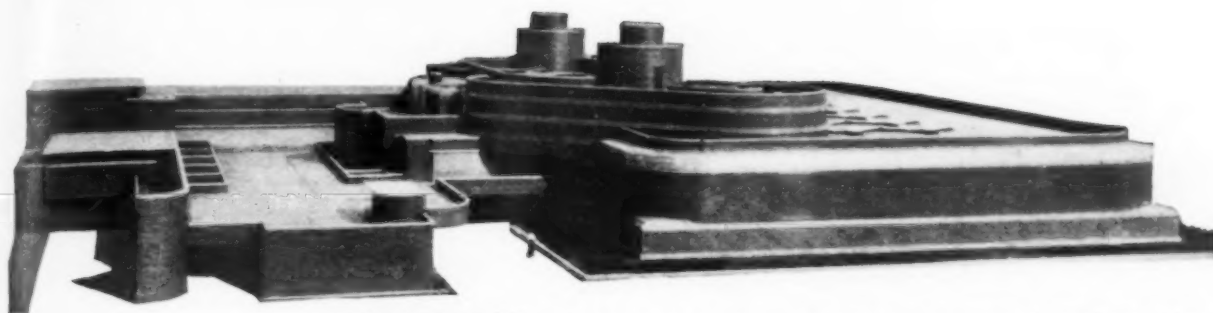
These strikes had hit the independents, particularly Studebaker and Packard, who rely more on the parts plants than do the "Big Three." Two of the majors, General Motors and Chrysler, had suffered their labor grief earlier at the hands of the tool-and-die workers; only Ford escaped unscathed. Since Ford is now in a position to produce a considerable proportion of his major requirements, from bodies and plate glass down to pistons and steel, as well as most of his tool-and-die needs, Ford production cannot be hit by a union attack on the parts plants.

### Price Cut On New Line

The further integration of production operations at River Rouge during the past year accounts in good part for the rapidity with which Ford completed the changeover from 1939 to 1940 models and turned out a thousand of his new cars last week. Giving the Ford efficiency full credit for the speed with which it could execute the maneuver, Detroit observers nonetheless remain convinced that it also means that Ford is making fewer model changes than Chevrolet or Plymouth. In consequence it is now generally accepted that Ford will cut prices on the new line.

Nash's price cuts on the full line and Buick's cuts on selected body types this week validated the expectation of generally lower prices, although the quotations may be up for considerable overhauling, if and when the war boom really takes hold.

Oldsmobile provided this week's debut party. Again this year, it has two sixes and an eight, but the lower priced six has been materially increased in size and the eight has a new streamlined body. Oldsmobile is currently expected to be the only car in the G. M. line to offer the automatic transmission. This transmission, which will be produced in the corporation's new Detroit transmission plant, is reported to eliminate the clutch entirely and to transmit power directly through a fluid flywheel. It is not expected to be offered as standard equipment.



*Comptometer methods set the pace for figure work in "the world's most modern office building"—designed by internationally famous Frank Lloyd Wright. The new Johnson's Wax office building, located at Racine, Wisconsin, is an inspiration to architects and Johnson employees alike.*

## modern METHODS FOR A modern OFFICE BUILDING

Some one said, "You can't do today's job with yesterday's methods—and be in business tomorrow!" Rest assured, you will be able to buy Johnson's Wax, and the other products of S. C. Johnson & Son, Inc., tomorrow and tomorrow! In the recently completed Johnson's Wax office building, 60 Comptometers handle practically all figure work of the world's largest manufacturers of wax polishes.

"We feel that Comptometer methods are as modern and efficient as the building and equipment designed for us by Frank Lloyd Wright," says Mr. A. F. S. Stoffel,

Comptroller. "Our experience with the Comptometer dates back to 1911—and in the years of constant growth and change since then, our Comptometers have done their job of compiling figures with the utmost speed, accuracy, flexibility and all-around efficiency and economy. Our operators report that the Controlled-Key and other accuracy safeguards of the Comptometer are vital in eliminating unnecessary figure work and in putting the handling of figures on the quickest and most accurate basis. Indeed, Comptometer methods are 'right at home' in our new building!"

*Your figure-work methods may be completely modernized, at low cost, and with substantial consequent savings. Telephone your local Comptometer representative—or write direct to Felt & Tarrant Mfg. Co., 1733 North Paulina Street, Chicago, Ill.*



# COMPTOMETER

Reg. U. S. Pat. Off.



# FIBERGLAS: A FABULOUS INFANT

Child of depression years is a strange new form of thread-like glass. It is now an important factor in 49 different industries, quite possibly in yours.

ON A cold winter day in 1931, when the Dow Jones Industrial average was 77.90 and the business outlook was as bleak as the weather, a lusty young child was born to the glass industry.

This child was Fiberglas... pure glass in new *fiber* form.

The creation of this new *fiber* form released qualities that had long been known to exist in glass, but could not heretofore be put to practical use. For instance, Fiberglas offered at last in *usable form* the inherent advantages of glass as insulation against heat, cold, and electricity. And it also made available—for hundreds of new uses—such qualities of glass as its ability to withstand fire and acid, its extremely long life, and the fact that it cannot absorb moisture, cannot decay.

This Fiberglas does not look like glass at all. Even today, though Fiberglas is getting to be well-known, people can hardly believe that it is really glass. For it can be bent like rubber. It can be twisted like thread. It can be woven on a loom like linen. And when you press a wad of it in your hand, it jumps back into shape like a sponge.

This Fiberglas, in fact, is so strange in itself that you're apt to forget to ask, "What's it good for?" Yet the answer is surprising—for a list of things for which Fiberglas forms a superior material includes almost every field of American business.

To illustrate: Fiberglas is performing wonders in the field of electrical insulation. One motor manufacturer

has been able to cut down the size and weight of his motors as much as one third by using it. It is being specified for jobs ranging from tiny motors to some of the largest generators in the world, such as those being built for the Grand Coulee Dam.

Fiberglas has created, practically single-handed, a new million-dollar business in replaceable air filters. Fiberglas is used to insulate most of the electric ranges now being marketed, more than half of the gas ranges. It stands likely to become the largest-selling house insulation in the world.

New units of the Houdry Process for the catalytic production of gasoline have used Fiberglas insulation on high temperature piping. The oil refining industry is interested in this application because Fiberglas combines light weight with high insulation efficiency, because it is fire-safe and does not settle even when subject to vibration, and because the individual glass fibers cannot absorb moisture. Streamlined trains, cargo and battle ships, airplanes, milk trucks, and bakery wagons use it for similar reasons.

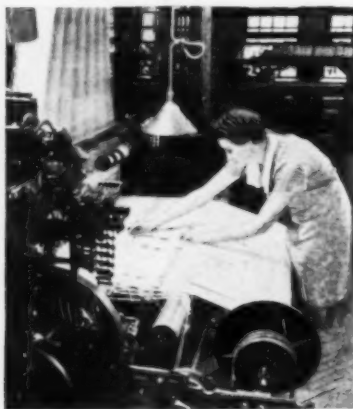
In fact, in less than eight years it has become an *important* factor in 49 different industries. But widespread as its present uses are, its possibilities for the future are even more impressive.

Fiberglas scientists are now at work with aviation engineers studying Fiberglas as a fabric for use in airplanes. This fabric promises to have several times the tensile strength of the present materials and *it will not burn*. Fiberglas yard goods—now being developed for drapes, shower curtains, and other uses—are arousing great interest throughout the textile industry.

Whatever your business, Fiberglas is worth investigating. Write Owens-Corning Fiberglas Corporation, Toledo.

**Tiny Filaments of Fiberglas** 15 times as small as a hair—are drawn from the electric furnace (left) and wound on spools racing a mile a minute.† These filaments, combined into threads of different thicknesses, have greater tensile strength than steel.

† "Continuous Filament" Fiberglas



**Fiberglas Threads Are Woven** into cloth just as if they were silk. Superior electrical tapes, braids, cords, and cloths, chemical filter cloths, and even curtain and drapery fabrics are now being made of this amazing textile.

Copyright, 1938—Owens-Corning Fiberglas Corp.



**This Exhibit at the World's Fair** shows how Fiberglas electrical insulation permits a small motor to deliver the same horsepower as a regular motor almost twice its size. Fiberglas insulation is so superior that it promises to bring about the redesigning of much electrical equipment.



Fiberglas

1. As insulation  
Boilers  
Electric  
Houses  
Ovens  
Refrigerators  
Commercial  
Trucks  
cars, passenger  
boilers  
heaters.  
\*Sold under

2. As  
Appliances  
cables  
Lifting  
industrial  
Switch  
tion and  
tage regu

3. As  
Air filters  
tents  
nances

The "D"  
Fiberglas  
low-cost  
possible  
in stores  
filtered  
A million



## Fiberglas is used in the following equipment and products (Check the ones that concern you)

**1. As insulation against heat or cold in . . .**  
Boilers . . . Bus bodies . . . Ducts . . .  
Electric roasters . . . Furnaces . . .  
Houses and buildings\* . . . Lehrs . . .  
Ovens . . . Pipes, cold or hot . . .  
Refrigerators, both domestic and commercial . . . Ships . . . Stills . . . Stoves . . .  
Trains (refrigerator cars, tank cars, passenger cars, and locomotive boilers) . . . Truck bodies . . . Water heaters.

\*Sold under the name of Red-Top Insulation

**2. As electrical insulation for . . .**  
Appliances . . . Apparatus and power cables . . . Cords . . . Electric locomotives . . . Generators . . . Instruments . . .  
Lifting magnets . . . Appliance and industrial motors . . . Power reactors . . . Switch gear . . . Control, distribution and power transformers . . . Voltage regulators . . . Wires.

**3. As a filtering medium in . . .**  
Air filters for air-conditioning systems\*\* . . . Air filters for warm-air furnaces\*\* . . . Dust and fume filters in

factories, mines, etc. . . . Chemical filters.

\*\*Sold under the name of Dust-Stop Air Filters

**4. As decorative fabrics for . . .**  
Bedspreads . . . Curtains . . . Drapes . . .  
Lampshades . . . Shower curtains . . . Table cloths . . . Tapestries . . . Wall coverings.

**5. As sound-proofing for . . .**  
Airplanes . . . Blowers . . . Bus bodies . . .  
Ceilings . . . Ducts . . . Floors . . . Power units . . . Pullman cars . . . Pumps . . . Side walls.

### 6. Miscellaneous

Retainer mats for storage batteries  
Wicks for oil stoves and lamps.

OWENS-CORNING

**FIBERGLAS**

T. M. Reg. U. S. Pat. Office

Owens-Corning Fiberglas Corporation, Toledo, Ohio

**Ships at Sea**, refrigerator cars and Pullmans, buses, milk trucks, and bakery wagons use Fiberglas because it is highly efficient insulation, light in weight, fire-safe, and unaffected by moisture or vibration.



Fiberglas Insulation gives refrigerators, ranges, and water heaters more uniform temperatures, makes them last longer and cost less to operate. These qualities make Fiberglas-insulated household appliances *easy to sell*.



The "Dust-Stop" Air Filter created by Fiberglas scientists was the first efficient, low-cost replaceable air filter. It made possible cheaper, *better* air-conditioning in stores (as pictured) and plants, made filtered warm-air heat a reality in homes. A million-dollar business was built.

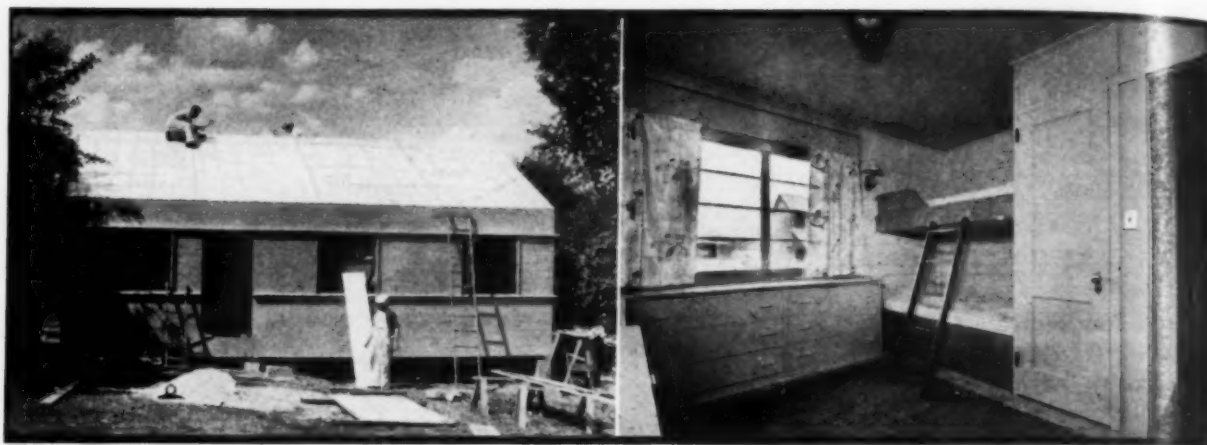


Fiberglas "Red-Top" Insulation is probably the best all-around home and building insulation made today. It comes in enclosed blankets, semi-rigid bats, and other forms that are easy and economical to install. *Red-Top* is sold by lumber and building-supply dealers everywhere.



This is Fiberglas Wool, the kind of Fiberglas used for thermal insulation. It has high insulating efficiency at temperatures ranging from below zero to 1000° Fahrenheit. The photos on this page barely *hint* at its uses.

See Fiberglas at the Fairs—New York and San Francisco



Four carpenters can put up this prefabricated plywood house, with built-in furniture, in one day.

## Home (Furnished)—\$2,000

**Will house eight people. All equipment built in. Heater will burn coal, wood, or gas. Prefabricated from plywood. Developed by Pierce Foundation.**

SINCE THE BEGINNING of the drive for home building, one insistent cry has risen above the general hullabaloo: "Construction costs are too high for the low-income families whose need for decent shelter is most tragic."

Eighty-five per cent of these families live on \$20 to \$25 per week and cannot prudently spend more than that figure per month for rent or home buying. Here is the mass market. Once it is met, the building campaign can go to town. To supply this demand a modern home must be produced for \$2,000 or less. Since there is a shortage of about 4,000,000 houses in this category, an estimated expenditure of \$8,000,000,000 would be required to overcome it.

This large and voluptuous amount of money, all dressed up but with no place to go, has vastly stimulated building research. Government, associations, private companies, architects and engineers have struggled with the problem. Too often the results have been good-looking, liveable houses but at costs beyond reach of the \$20-\$25-a-week family.

All of which explains the interest over the latest candidate for the low-cost home market. It is a five-room, completely modern house built by the John B. Pierce Foundation at Lebanon, N. J. It cost a little more than \$2,000 but (since original experiments necessarily come high) it probably can be duplicated in many areas for \$1,750 or less. With a lot and all the regulation financing charges it can be sold for \$2,250 to \$2,500 which brings it within the possibilities of Mr. Average's \$20-\$25-a-week income (and within the new FHA plan for financing homes to cost \$2,500 or less).

The house has many original ideas in design, equipment, and construction. Walls and partitions are made of  $\frac{1}{2}$  in. Douglas fir plywood with a phenolic binder. These walls, attached with nails and adhesive to 4 x 4 in. uprights, carry the weight of the structure and embody a horizontal building principle in contrast to the orthodox vertical. Ceilings also are plywood.

Insulation provisions form a part of what is the most revolutionary feature of the structure. Furniture and equipment, including beds with springs and mattresses, tables, chests of drawers, bookshelves, wall desks, ice refrigerator, heater, oil hot-water heater, are built in. All these (in addition to the kitchen tank-gas stove) are included in the \$2,000 cost of the house.

### Versatile Heating Equipment

The ply-wood walls are of a single thickness. But the drawers, bookshelves, desks are built along the outside walls providing room insulation at the bottom—where it is most needed. Windows slide on metal tongues-and-grooves which act as weather strips. Doors are also metal weather-stripped. The heater is something new, developed during the experiments. It circulates hot air through metal ducts to the top of each room, opens to become a fireplace, can be adapted to burning coal, wood, or gas. Further weather protection is provided by a four foot space under the floor (there is no cellar). Louvres permit circulation of air in this space during hot weather and can be closed in winter to obtain the benefits of ground temperature.

The ice box has an outside door with

a removable insulation pad which allows cold air to enter in winter and serve as a food preservative. This ice box forms part of the kitchen sink-wash-tub-cabinet-counter unit. It is backed up to the bath-room wall so that all drainage for the house is provided through a single unit (which will in the future be cast in one piece).

There is no conventional in-wall wiring. Current is distributed through plastic-covered sections, providing outlets every eight inches; they look like mouldings. This system also was developed during the experiments.

Size of the house is only 24 x 32 ft. Yet space has been arranged so skillfully that there is adequate room for the farm family of eight, now occupying it for a final test. There are two small and one large bedroom. The large bedroom and living room have double sleeping facilities. In the children's bedrooms are double bunks.

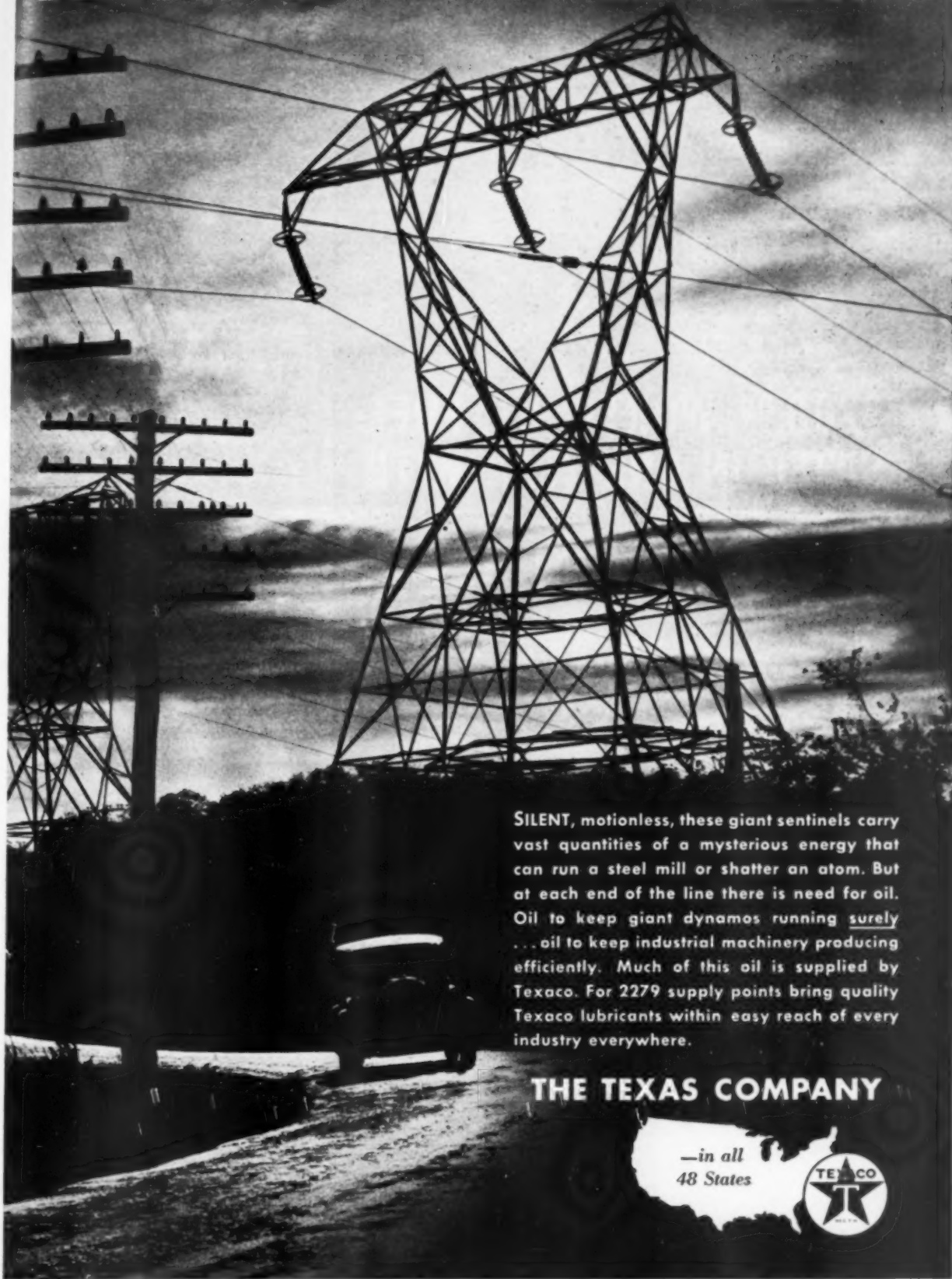
### Mass Methods for Mass Needs

The John B. Pierce Foundation (New York) doesn't claim that it has discovered the only answer but it thinks it has found one answer to the mass market housing need. The late Mr. Pierce headed the company which was the forerunner of the American Radiator & Standard Sanitary Corp. He dedicated his non-profit Foundation to "improving the habitations of men."

The Foundation devoted over five years and many thousands of dollars to develop the Lebanon house. It was aided by the Douglas Fir Plywood Association and the Lead Industries Cooperative Association. The house was prefabricated and can be thus produced by mass methods. (One unit includes two closets, a wall, two bunks.) Total weight is 15,800 lbs. It can be hauled at a single load by a 10-ton truck. The Lebanon building was erected by four country carpenters in a single 8-hour day.

The Foundation is proceeding cautiously with its distribution plans. It probably will license manufacturers to

# KILOWATTS ON THE MARCH



SILENT, motionless, these giant sentinels carry vast quantities of a mysterious energy that can run a steel mill or shatter an atom. But at each end of the line there is need for oil. Oil to keep giant dynamos running surely . . . oil to keep industrial machinery producing efficiently. Much of this oil is supplied by Texaco. For 2279 supply points bring quality Texaco lubricants within easy reach of every industry everywhere.

**THE TEXAS COMPANY**

—in all  
48 States





**\$3200.00 WORTH OF FUEL  
SAVED IN ONE YEAR WITH**

**UNIT ILG HEATERS**

**... BUT THAT'S ONLY HALF THE STORY**

In this Long Island, N. Y. plant of the International Motor Truck Co., makers of Mack Trucks, Ilg Unit Heaters have replaced 25,000 feet of pipe coils, 200 radiators, and 500 valves. In one year the fuel bill was cut approximately \$3200.00 — 182,000 gallons of fuel oil saved.

Since 1921, 18 different Mack Truck plants have installed Ilg Unit Heaters. Every third Ilg Unit Heater sold represents a repeat order — a satisfied customer, including nationally-known firms like Eastman Kodak, Pittsburgh Plate Glass, Real Silk Hosiery, Pennsylvania R. R., Independent Pneumatic Tool, etc.

Twenty-two years of performance proves the dependability of the Ilg Unit Heater, pioneered by Ilg in 1917 — the only unit heater made with a self-cooled motor — runs cool, stays cool. Guaranteed as a complete unit — no division of responsibility. Investigate the outstanding features and pronounced economies of Ilg Unit Heaters, mail coupon for the new Ilg book.

**ILG ELECTRIC VENTILATING CO.**  
2850 N. CRAWFORD AVENUE, CHICAGO, ILL.  
Offices in 43 Principal Cities

**MAIL COUPON NOW FOR FREE BOOK**

Ilg Electric Ventilating Co., 2850 N. Crawford Ave., Chicago, Ill.

Without obligation send us a copy of the new Ilg Book, illustrating and describing Ilg Unit Heaters.

Name \_\_\_\_\_

Full Address \_\_\_\_\_

produce the house and also to turn out the heater and wiring system which it developed. This would enable it to protect quality and prices from exploitation.

## Public Power Snag

**Court injunction halts Washington's public ownership of utilities movement.**

WASHINGTON STATE COURTS pulled in the reins a bit last week on the vigorous public-ownership-of-power movement going on there. In a decision significant to the power industry, and business generally, Judge Charles W. Hall of Vancouver held that the Public Utility Districts set up under Washington's unique "P.U.D. law" may not buy existing properties without a vote of the people. He implied certain P.U.D.'s have acted too hastily in condemning properties without a "yes" or "no" by the public.

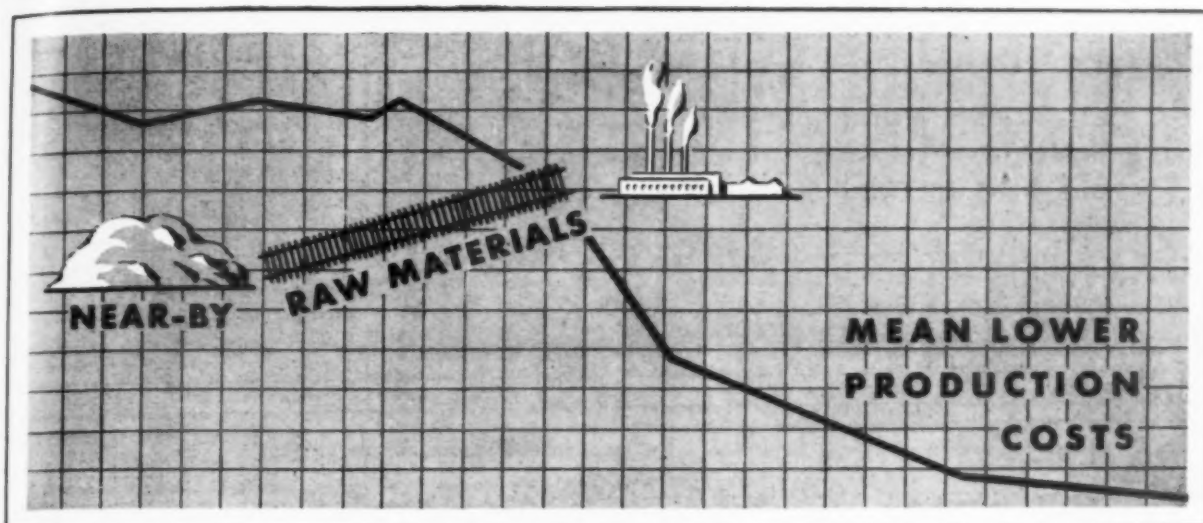
The decision was part of a permanent injunction issued by Judge Hall prohibiting the Grays Harbor County P.U.D. from buying the Grays Harbor Railway & Light Co. (for \$2,842,000).

Heart of the ruling is a new and significant interpretation of Washington's pioneer and model P.U.D. law which gives the districts power to "condemn and purchase" electric generating plants, provided that no municipally-owned utility is condemned, and that "none shall be purchased without submission of the question to voters of the utility district."

Until last week's decision, the word "none" in the law has been considered as referring only to municipally-owned systems. Judge Hall maintains that such an interpretation is meaningless since cities are already protected by law against purchase (without a vote) of municipal systems. Important (because Washington's legislation may set the pace for similar proposals in other states) is Judge Hall's assertion that the P.U.D. act requires the district commissioners to keep their proceedings open to the public. He said the public must be kept fully informed of the commission's plans "seasonably" so that public opinion may be developed and the commissioners may have the advantage of public reactions in deciding whether or not to carry out a plan.

## Collyer Heads Goodrich

AN EXPERT in international trade became president of B. F. Goodrich Co. this week, when John Lyon Collyer was elected to succeed S. B. Robertson, retired. Mr. Collyer joined Bethlehem Shipbuilding Co. after graduating from Cornell in 1917, soon moved to Dunlop Rubber Co., Ltd., where he was American vice-president from 1923 to 1929. For the past 10 years he has been with Dunlop in England and since 1937 has been joint managing director.



## ...and RAW MATERIALS are PLENTIFUL and close at hand in Chesapeake and Ohio Territory

### THESE ADVANTAGES

are but the fundamentals of many favorable conditions making Chesapeake and Ohio Territory an economic field of operation for many industries.

- **RAW MATERIALS**—of many kinds; abundant, near at hand, economically secured.
- **INTELLIGENT LABOR**—native-born; largely skilled in a diversity of industries; well housed; peaceful and cooperative.
- **NEAR TO MARKETS**—major consuming areas within first, second or third morning delivery.
- **EXCELLENT TRANSPORTATION**—favorable freight rates and dependable service keep markets and manufacturers in economically close touch.
- **CHEAP POWER**—abundant coal, oil, natural gas and hydro-electric developments assure the region of unlimited power at most economical costs.
- **COOPERATIVE LEGISLATION**—Industry is king in Chesapeake and Ohio Territory, and the legislatures of the five great States in which it lies are friendly toward the needs and aims of enterprises they invite and those they already have.

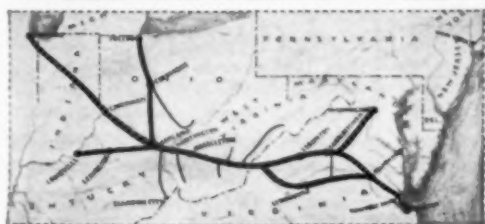
Proximity to raw materials is only one factor in the economy of strategic location—but a very important one. Chesapeake and Ohio Lines—running through the heart of Virginia, West Virginia, Kentucky, Ohio, and Indiana—penetrate and serve a region abundant in the raw materials of Industry.

In the center of this territory lies "The Coal Bin of America," the country's greatest bituminous deposits. Natural gas and oil are readily available. Here, too, are great resources in glass-sand, fire and ceramic clays, salt brine, limestone and sandstone, timber, iron ores, pure water, and agricultural products.

To the economy of near-by raw materials, add ample native-born labor, easy accessibility of major markets through magnificent transportation facilities, cheap electric power, state legislatures cooperative with Industry...and you glimpse the fundamental factors making Chesapeake and Ohio Territory a region rich in opportunity.

Complete and impartial factual surveys for your specific industry will be furnished on request. All inquiries will be held in strictest confidence. Write

GEORGE D. MOFFETT, *Industrial Commissioner*  
CHESAPEAKE AND OHIO LINES  
Huntington, West Virginia



# CHESAPEAKE *and Ohio* LINES

## "Bawi" Settles Down to Its Job

Mississippi's program to "Balance Agriculture with Industry" isn't making as big a splash as it did, but it has added \$2,000,000 in annual payrolls.

WHEN the Bayou State says "Bawi" it means something more than a grunt but definitely less than a hosanna. Mississippians resort to this verbal freak, pronounced "Bah-wee," to identify the "Balance Agriculture with Industry" program which Mississippi invented in 1936 to stimulate industrial growth—a program that has since been copied closely by states with a similar line of traps down the creek.

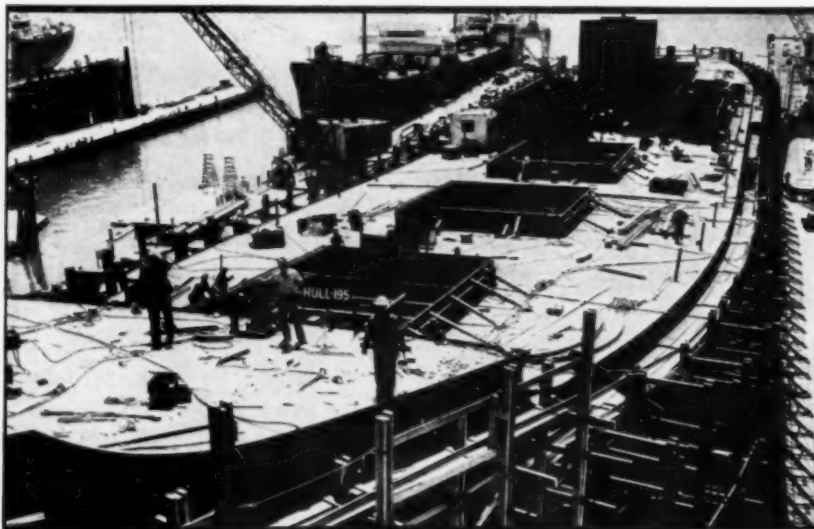
Designed largely to cover the bare stumps and the exposed unemployment in logged-off pine hills, the program, as embodied in state law, grants municipalities unique authority to secure the desired economic balance by financing, building, and operating or leasing industrial works.

"Bawi" three years ago was a meaningful mating call. Today, seven months after the Supreme Court refused to outlaw that cry (*BW—Apr 9 '38, p. 41*), Bawi has lost much of its dramatic urgency. It has failed to revolutionize the artifices of farm states wooing tall chimneys, and

it has disappointed the major body of Mississippians. Paul Johnson, newly nominated Democratic gubernatorial candidate, failed to mention Bawi through the late campaign, a direct snub. Nevertheless, in the hands of a cautious, critical state Industrial Commission headed by Harry Hoffman, Bawi has a reasonably good standing on Mississippi's credit books.

Eight Bawi factories are in operation now, although very few certificates of convenience and necessity have been issued for further municipal projects. The number is small, but no Bawi plant has shut down, none has fallen below guaranteed payroll minimums, and the 3,000 jobs provided through Bawi mean that one additional job has been created for every 25 existing before the scheme was launched. Furthermore, Bawi has added \$2,000,000 in annual payrolls, an increase of about 10% over the 1935 total for the state, and it is credited with a fair share in pushing 1938 factory output (\$195,000,000) above agricultural

## West Coast Shipbuilding Boom



Maybe it looks just like another freighter, but this is the first ship to be constructed in West Coast shipyards since the end of the World War. As such, its launching this weekend is something of an event for Pacific Coast business. Christened *Sea Arrow*, it is the first of two C-3 type freighters to be built for the U. S. Maritime Commission

by the Moore Dry Dock Co., San Francisco. Further cause for rejoicing in West Coast shipyards was last week's announcement that Bethlehem Steel Co.'s Union Iron Works, on San Francisco Bay, had been awarded contracts by the Maritime Commission for construction of five C-1 type freighters, costing about \$2,000,000 each.

## How Bawi Operates

EMBODIED in Mississippi's Industrial Act of 1936, the "Balance Agriculture with Industry" program is administered by a three-man commission whose approval must be obtained for every municipal project to establish a new industry. The commission considers only those petitions that are signed by 20% or more of the qualified voters of the town or county applying for the "certificate of public convenience and necessity" which it must have before it can go ahead and finance the project.

The commission conducts investigations of its own and holds public hearings to determine whether the applying municipality can satisfy the three basic requirements established for any certificate:

(1) The town must have sufficient natural resources readily and economically available for the operation of the project for at least ten years. (2) It must have a labor supply sufficient to furnish at least 1½ workers between the ages of 18 and 40 for each prospective job in the industry. (3) It must have adequate property values and suitable financial conditions so that the expenditure to support the project will not exceed 10% of its total assessed valuation. The commission also stipulates what property may be acquired and on what terms and what expenditures may be made for construction or acquisition of buildings and equipment as well as for operation of the enterprise.

With conditions thus firmly laid down, the municipality may proceed with an election in which approval must be obtained from two-thirds of those voting, provided the voters constitute a majority of all qualified electors. Where town and county are both involved, votes are counted separately and failure of either group to meet the majority rule kills the proposal.

Surviving this gauntlet, the eager town is empowered to obtain land in any manner, may enter into customary contracts, may construct buildings, buy equipment and operate the approved enterprise, financed either by direct municipal expenditures or by bond issue and free from any *ad valorem* tax on tangibles for five years.

The Bawi law presupposes that municipalities will own and operate the new enterprises conceived under its authority, but power is granted for the lease, part lease, sale, or other disposal of the industrial plant. Thus far no community has attempted direct operation.



**IT IS** generally recognized that America can have a sound recovery only when there is a restoration of volume in the durable goods industries.

And the American railroads, among all forms of transportation, are normally the biggest customer of the durable goods industries.

In the eight-year period from 1923 through 1930, for instance, the total purchases by the railroads of materials used in improving plant and equipment amounted to 6¾ billion dollars. This is apart from 11 billion paid out in the same period for *expendable* supplies, including everything from coal to paper clips.

In the eight-year period from 1931 through 1938, the total purchases by the railroads of materials used in im-

proving plant and equipment totaled 2 billion, and purchases of expendable supplies totaled only 5 billion.

That these figures were not greater traces only to one basic fact—*railroad earnings have been so low the money has not been there to spend.*

Certainly the railroads recognize the value of continued improvement of their equipment. A program of replacing freight cars at the rate of 5 per cent a year would require some \$300,000,000. A similar program of replacing locomotives could account for another \$300,000,000. A continuation of the program of laying heavier rails, providing steadily better roadways needed for increased speed and better service, could bring the total to nearly a billion.

A billion in heavy industry would lay

a foundation for recovery such as this country has not had for a decade.

And in this fact is one reason why businessmen, large and small, have an interest in seeing the railroads get a fair deal *not only in government regulation but from business itself.*

On a short range view—on a day-to-day transportation-buying basis—it may seem expedient to some to foster government-subsidized inland waterways or other carriers.

On a long range view, the industry in the country that needs support—deserves support—and can make the biggest contribution to sound recovery—is the nation's biggest transportation system, the privately owned railroads.

Paraphrasing a familiar slogan, "What helps the railroads helps you."

ASSOCIATION OF  
**AMERICAN RAILROADS**

WASHINGTON, D. C.

**A FAIR FIELD.**  
NO GOVERNMENT FAVOR—  
IN TRANSPORTATION



### He can't run a factory

These modern microbe-men probably wouldn't know a drill press from a turret lathe. But they certainly do know how to analyze and compare products in a laboratory. They say that for removing grease, grime and dirt—and infection-inviting bacteria, you can't improve on formula SBS-II. It replaces ordinary soap, costs less than 1¢ a week per employee. Used today in 2813 plants. Write now for generous free trial supply for your plant employees, both male and female.

## FORMULA SBS-II

The WASHWORD of Industry  
SUGAR BEET PRODUCTS COMPANY  
300 WALLER STREET - SAGINAW, MICH.

## The FEVER that CURES



Through the application of electrical currents of extremely high frequencies, an artificial fever is induced right in the localized area that is causing the patient's illness.

For breaking up congestions... even the serious congestion of pneumonia, this artificial fever, or diathermy, works wonders. The dependability of Mallory Electrical Contacts... those pin points of metal which control the operation of most automatic machinery... give longer life and greater efficiency to the devices which make diathermy possible.

Mallory's work in the field of electrical contacts is available to all manufacturers who have need of a better metal to make or break an electrical circuit.

**P. R. MALLORY & CO., Inc.**  
INDIANAPOLIS INDIANA  
Cable Address—PELMALLO

**MALLORY**

PARTS FOR RADIO, ELECTRICAL,  
AUTOMOTIVE AND INDUSTRIAL FIELDS

production (\$155,000,000) for the first time in Mississippi's history.

The state politely refers to its Bawi projects as representing "resettlement of capital." The program cannot, in fact, be condemned as just another example of the South swiping Northern industries. Only two plants, both hosiery mills, can be tabbed as direct moves involving Northern shutdowns. Two others are entirely new enterprises, and two are Southern expansions of existing businesses in which no machinery shipment was involved. A seventh Bawi development—shipyards at Pascagoula—was contributed by neighbor Alabama when the Ingalls Shipbuilding Co. of Birmingham came down to the Gulf to lay three keels for Maritime Commission C-4 type freighters. Another move, not yet completed, finds a small Alabama mill scrunching over a little closer to TVA power in northern Mississippi. A Jackson County plywood factory represents a newly opened branch plant from neighbor Louisiana on the other side.

### Voters Strong for It

Excluding the rich Delta and the Black Prairie of the Tombigbee, Mississippi is a hill state and the passing of the piney woods and the long leaf sawmills has pinched three-quarters of the state until it finally hollered, "Bawi." The hills and the brief coast strip are the areas eager for new industries, and the average municipal election in which the populace has had a chance to register its opinion of Bawi projects shows a vote of 11-to-1 in

favor. Only one election has been lost, and that, at Cleveland in the Delta, reflects the Delta's natural preoccupation with agriculture, which is still the money-maker there.

Major catch so far has been the Armstrong Tire Co. plant at Natchez with a steady output going to Sears, Roebuck and with an electric power consumption that has more than doubled the take of the entire city. Major fumble was the failure to hook an Aluminum Company of America plant which went next door to Mobile, Ala.

The claim is commonly made that Bawi has not set a new style in industry seduction because it isn't new and isn't sensational. It may even be argued that Bawi has slowed down the movement of industry from the North, but it should also be noted that it has given that movement a new and solid basis. Southern towns, including those in Mississippi, were making bids for industries long before Bawi, and money was advanced from much the same sources within communities; the principal difference was that the town or "beat" (township) had no official connection with the deals. Sometimes these civic or quasi-municipal dickers were banked off the wrong cushion and plants moving south went busted. In one case, a \$175,000 factory stood idle for seven years with uncatered machinery in it. The Industrial Commission is notably less fervent and a good deal more practical than some chambers of commerce, hence the solid, if uninspiring, Bawi record.

## Industrial Insurance Under Fire

Federal regulation or absorption into social security system seems to be aim of government's probers before Temporary National Economic Committee.

WASHINGTON (Business Week Bureau)—Nothing less than extermination of industrial insurance would seem to be the object of investigators of the Securities and Exchange Commission who, for the past three weeks, have piled up in front of the Temporary National Economic Committee testimony and documentary evidence on conditions in this branch of the insurance business. Several hundred pages of record prickled with the attack on "squirrel cage" operation—the continual sale and resale of industrial insurance to policyholders who lapse their policies only to take new policies and lapse again.

The SEC squad lined up company executives, managers, and agents to testify on the ins-and-outs of organization, management, and sales policies and practices. The investigators tried to picture industrial insurance as a racket in which agents are continually hounded to get

business and policyholders pay through the nose for uncertain protection.

In broad terms, industrial insurance is a policy under \$1,000 on which premiums usually are collected weekly at the homes of the policyholder. Its primary purpose is to provide for his burial and other expenses incident to his death. The first industrial policy was written about 1870 by the Mutual Life Insurance Co. of Baltimore, now the Monumental Life Insurance Co. of Baltimore about whose affairs—the change over to a stock company, loans to company officials, etc.—the SEC has been exceedingly curious.

As of 1937, 88,881,000 industrial insurance policies having a face value of \$20,591,000,000 were in force in 66 companies, which account for about 95% of the total. This type of insurance represents 19% of the total dollar volume in force, 72% of total number of policies

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### Ratio of

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and 23% as measured by premiums collected. The five companies which led the field at the close of 1938 are Prudential with 39.9% of the amount of industrial insurance in force, Metropolitan 39.4%, John Hancock 8.8%, Western & Southern 3%, and American National 2.5%.

#### Ratio of Lapses to New Issues

The high lapse rate from which SEC sought to show that mutual and stock companies alike derive a large part of their profits is indicated by the fact that in the ten-year period 1928-37, lapse accounted for 70.6% of the 187,000,000 policies terminated. The percentage ratio of number lapsed to new policies (including revivals) in 1938 was 48.7% in Metropolitan, 54.3% in Prudential, 62.7% in John Hancock, 57.8% in Western & Southern, 78.3% in American National. In 59 companies the ratio of lapses to new issues exceeded 75%, in 6 companies, more than 100%. All told there are about 138 companies engaged in the business.

An SEC study states that 44 stock companies (accounting for 15.8% of all industrial insurance in force and 90.4% of the industrial insurance in force in stock companies, as reported to the insurance magazine *Spectator*) have produced, since organization, \$32,337,950 in stock dividends, \$66,238,943 in cash dividends, and surplus of \$44,201,982 on a paid-in capital of about \$6,943,000. These companies also sell ordinary insurance but industrial insurance represents at least 25% of their total insurance in force.

Leo P. Rock, president of Monumental Life, testified that from 1928 to 1938 the company had a "gain on mortality" of \$7,439,944 and a gain from surrenders and lapses of \$6,988,036. Mr. Rock disputed contentions of Gerhard Gesell, SEC counsel, that this was a profit, as he said the company must spend money to replace lapsed policies.

#### How Much for Premiums?

SEC has isolated 30 plans of industrial insurance commonly in use and thinks that the field shows frequent violations of sound policy. Malvin E. Davis, a Metropolitan actuary, submitted estimates indicating that 2½% to 3% of the family income of its policyholders goes to pay the weekly industrial premiums. The average figure is 70¢ per week.

Examination of the rates of 14 companies by SEC shows that the aggregate annual premium for a \$250 whole life policy at age 25 ranges from \$6.19 to \$7.14. Estimates of the cost of an insurance system providing \$250 benefits for all deaths in the United States were submitted by D. C. Bronson, an actuary of the Social Security Board. Benefit payments based on prospective mortality would rise from \$400,000,000 this



## Are you buying a 1920-model crane for your 1940 plant?

A new 1920-model automobile would take you where you wanted to go. But you can get so much more in a 1940-model car that you wouldn't consider anything else.

Likewise, you shouldn't consider anything but a 1940-model traveling crane. Spur gears, sleeve bearings, exposed gearing, and similar details of construction date back to 1920.

Yet they are still being sold in many "modern" cranes.

Whiting cranes incorporate the latest mechanical improvements. To reduce wear and maintenance, they have quiet, smooth running herringbone gears. To reduce friction and keep gears accurately aligned, they have rugged roller bearings. All gears are sealed in dust-tight enclosures and lubricated by a con-

tinuous bath of clean oil. Tapered tread drive wheels keep the crane squarely on the runway without binding. These and many other features of the Whiting crane assure you smooth, quiet operation, fast pick-up, and long, trouble-free life.

To be sure that your next crane is a 1940-model crane—select a Whiting. Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill.

In Canada: Whiting Corp. (Canada) Ltd., Toronto



Tapered Tread  
Wheels



Roller  
Bearings



#### HOW TO WRITE a Traveling Crane Specification

Tells how to order a crane to fit your needs. Mailed free to executives.

IT PAYS TO GET A QUOTATION ON  
**WHITING**  
OVERHEAD TRAVELING CRANES

## Clients served:

Liggett & Myers Tobacco Co.  
Western Electric Company  
Loose-Wiles Biscuit Co.  
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Association of American Soap and Glycerine Producers, Inc.  
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Bank of the Manhattan Company  
Bigelow-Sanford Carpet Co.  
American Telephone & Telegraph Co.  
The Equitable Life Assurance Society of the U. S.  
Copper & Brass Research Assn.  
Trans-Atlantic Passenger Conference  
White Rock Mineral Springs Co.  
L. C. Smith & Corona Typewriters Inc.  
The Texas Company  
Beech-Nut Packing Company  
Hartford Fire Insurance Company  
Hartford Accident and Indemnity Co.  
United Brewers Industrial Foundation  
Holmes & Edwards Division  
International Silver Company  
Thos. Cook & Son—Wagon-Lits, Inc.  
General Electric Company

**Newell-Emmett  
COMPANY**

*Advertising Counsel*

40 EAST 34th ST., NEW YORK



## Index of Business Week's Editorial Content

for

**January-June, 1939**

Invaluable as a guide to collected business information, copies will be available as long as the supply lasts at \$1 each. Address Paul Montgomery, Manager, Business Week, 330 West 42nd Street, New York, N. Y.

year to \$628,000,000 in 1980. Various plans of financing are suggested in which annual contributions range from \$3.03 in 1940 to \$4.19 in 1980 if every man, woman and child were both contributors and beneficiaries.

Either federal regulation of industrial insurance or embodiment of an industrial insurance plan in the government's social security system are likely to stem from SEC's investigation. Charles F. Williams, president of the Western & Southern Life Insurance Co., fourth largest in the industrial insurance business, testified that, with increasing criticism of this type of policy, tighter restrictions as in New York, the spread of savings bank insurance and the advent of the Social Security system, he is directing his sales force to see ordinary life as the most lucrative field in the future.

## Ham & Eggs Sizzling

**Thirty Dollar Thursday plan fights hard as November vote approaches on pension and oil.**

HAM AND EGGS AND OIL will be the unpalatable combination presented to bewildered California voters at the special election coming on Nov. 7. This was indicated last week when the state supreme court ruled that the newly-enacted Atkinson law, placing regulation of California's oil and gas resources in the hands of a state board (BW—Jul'39, p25), may appear on the referendum ballot next November along with the scrip-tease Thirty Thursday pension scheme (BW—

Aug19'39, p21). The court became involved in the situation when a taxpayer contested legality of a referendum on the oil measure.

It was predicted that the campaign for the plan to pay old age benefits of \$30 every Thursday would render even Californians pop-eyed with amazement, and the predictions are beginning to be borne out. In addition to the bread and circus activities (sales of "Ham & Egg Brand" bread are adding one cent a loaf to the promoters' treasury and three Ham & Egg circuses are on tour to win votes) enthusiasts have introduced some plain and fancy varieties of high-pressure salesmanship that might be advantageously studied by experienced propagandists.

## Economic Persuasion Used

"Flying Squadrons" of pension advocates are making whirlwind tours of country districts lining up the retail merchant and the newspaper editor behind their cause. Merchants are shown, by some of their own steady customers, how opposition to the scheme will drive customers away and how an endorsement of the plan will bring them back. Harassed newspaper owners are threatened with retail advertising losses unless they board the bandwagon editorially and turn down the paid copy of the antis.

To offset pressure tactics, opponents of the plan will attempt, during the next few weeks, to organize business men in each locality into "united-we-stand" groups. Early in October, full-page, anti-Thirty Thursday advertisements signed by a hundred or so leading California



This Ham & Eggs float, rolling past City Hall in San Francisco's C.I.O. Labor Day parade, indicates the strong C.I.O. backing for California's

Thirty Thursday pension plan. Solid supporters are Harry Bridges' maritime workers, whose white caps serve as their badge of membership

# WAR BUSINESS

IN WAR, as in peace, Business Week will stick to its regular job. That job is to report faithfully and to interpret with discernment the news of business and for business, in the light of its significance to active management.

As the war creates new and complex problems, Business Week will cover the news from abroad as it affects business here at home, and the war news at home as it bears on the day's work.

The set-up for handling this special assignment is described on the front cover of the present issue. The new editorial department, "War Business"—planned in advance and now launched—is to supplement the regular coverage of the war's effects on general business. It will assemble the news of developments having to do with the handling of war orders, transactions with belligerent and neutral powers, regulations by our own and foreign governments that modify normal business procedure.

In undertaking this distinctive service, Business Week offers to active management in time of war the same kind of practical help that has won its following in time of peace. Readers and advertisers alike will find its columns of increasing value as new policies are formulated and as new buying relations are established to gear American business to a war-time economy.

## BUSINESS WEEK

*The Executive's Business Paper*

330 WEST FORTY-SECOND STREET  
NEW YORK, N. Y.

*In War, as in Peace, Business Week is ALL Business!*

---

business figures will appear in all newspapers followed by similar ads with local sponsors in each town. Idea is to stiffen the backbone of the small business man to resist the high-pressure threats of the Ham & Eggs "yokels."

Labor appears to be strong for the plan. Antis concede C.I.O. forces are practically 100% in favor and a Ham & Eggs float was a conspicuous part of the C.I.O. Labor Day parade in San Francisco. Harry Bridges himself is inclined to make a speech or two for the promoters, a prospect which they don't view with too much enthusiasm. William J. Schneiderman, secretary of the Communist Party of California, will campaign for the scheme "because its enactment would hasten the end of capitalism."

### **Temptation Even for A.F.L.**

A.F.L. ranks aren't so solidly behind the movement, but even so conservative labor body as the San Francisco Labor Council has endorsed it officially, contrary to the recommendation of its legislative committee. A strong fight will be made to prevent similar action at the A.F.L. state convention next month.

In Los Angeles, a Ham & Eggs stronghold and home of the movement, unions will vote solidly in favor. Labor has pledged support in return for Thirty Thursday backing for repeal of the city's anti-picketing ordinance, which won't be on the ballot in Los Angeles Nov. 7 but will come up at a special election later.

To dent the strong labor support, antis will emphasize a claim that one section of the proposed amendment might easily have the effect of prohibiting strikes. Overlooked so far by the unions (and most observers) is a clause (Section 2, paragraph 3) which makes illegal "any curtailment upon the production of goods so long as there remains any single unfulfilled human demand." Labor will be reminded that this opens the way to employers for injunctive relief against strikes and peaceful picketing.

### **Employers Make a Point**

During the next few weeks, also, many unions that have endorsed the pension plan and hold contracts with employers will be notified that, in view of their endorsement, employers are assuming they'll raise no objection to including a provision in new contracts that a portion, at least, of their wages be paid in Ham & Eggs warrants.

Antis are making valiant efforts to get out the vote, believing that's the easiest way of defeating the proposal. Until Sept. 28, the last day for registration, efforts will concentrate on getting as many citizens as possible in a position to vote next November.

Some California observers profess to see a trend toward the right in public sentiment as a result of the European situation and predict this will mean defeat for the pension scheme.

## **LABOR & MANAGEMENT**

INDUSTRIAL RELATIONS • PERSONNEL • EXECUTIVE POLICY

### **Lie Detectors for Employees**

**West Coast stores considering applying tests to find dishonest workers; banks and insurance firms also interested in new business service.**

DEPARTMENT STORES in San Francisco and Los Angeles, with theft losses running into some 3% of gross sales totals, were looking with favor this week upon a new idea. The idea is to apply lie-detector tests to employees and weed out the dishonest ones, who in the past have been found to be responsible for from 40% to 70% of store thefts.

Opened for business last week in Berkeley, Calif., Deception Tests Service Co. also has an appeal for many bankers, manufacturers, and insurance executives who think that more progress might be made in pre-employment tests and periodic checkups of employees, as a means of reducing thefts and fraud. Labor unions look upon the suggestion with some misgivings, although some labor spokesmen admit that if results worked out perfectly the honest employee would be kept free from suspicion. Recently the employees of an Oakland chemical plant, in the face of recurrent locker-room thefts, themselves demanded a lie-detector test.

The Berkeley police department first began to experiment in 1921 with the now-familiar lie detector. John A. Larsen, then paying his way through the university by working as a Berkeley "cop," convinced Police Chief August Vollmer

of the possibilities of developing a psychological and mechanical technique for detecting deceptions and obtaining confessions from guilty suspects. Later, the two were joined by A. H. Bledsoe of the University of California department of psychology, and by Leonard Keeler, now practicing the lie detector method in Chicago.

During the last few years experiments have been extended to include applications to business. A. H. Bledsoe, particularly, ventured into the commercial field largely as a result of specific demands for lie detector service in business cases, and it is as a result of that experimentation that Deception Tests Service Co. was started last week.

### **How Liar Is Found Out**

The company will use the familiar lie detector method in which the subject is asked a series of questions (prepared on the basis of long experience with applications of the instrument to criminal cases). Reactions of the subject to the questions, as shown by blood pressure and respiratory changes, are registered by the instrument on a chart. This record, together with the operator's observations during the test, determine conclusions. In business cases it is claimed that 80% of

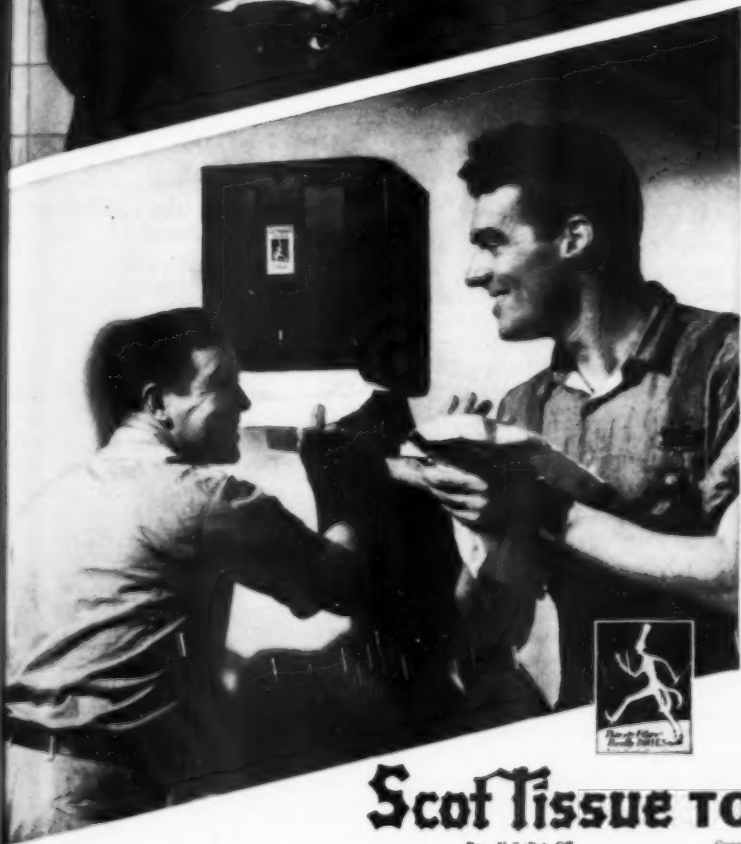


*Deception Tests Service Co., Berkeley, Calif., grills your employees with a lie detector, routs out the dishonest members of your staff.*

IT PAYS TO ELIMINATE THE

# Washroom "Double Standard"

*Planned*  
washrooms—  
build good will daily—  
cut hidden costs



**YOU'LL** find deep satisfaction whenever thoughtful management has provided clean, comfortable washrooms for workers and executives alike. Naturally, everyone likes to wash up where there are plenty of basins, hot water, soap and fresh, *individual* ScotTissue Towels.

Here is one of the easiest and most effective steps you can take toward *practical* industrial relations that build lasting good will. What's more—it may actually save you money.

Today's "planned" washroom is arranged to avoid congestion and cut time lost by loitering and delay. Fixtures are so placed that they give maximum efficiency. "Soft-Weve," s-t-r-e-t-c-h-y ScotTissue Towels dry *dry*—they go farther, cost less per year. A clean, fresh towel for every wash helps prevent the spread of contagion . . . reduces time lost through illness.

Why not investigate these cost-reducing factors that have already been used to put more than 200,000 plant and office washrooms on a more satisfactory and economical basis?

#### HAVE YOUR WASHROOMS SURVEYED

The Scott Washroom Advisory Service is available to help you plan and arrange washrooms comfortably, economically and efficiently. This free service will suggest how to relieve congestion, reduce waste and overhead expense, and help create good will in plant and office washrooms. A Scott Washroom Survey will be made of your washrooms without obligation. Please write on your firm letterhead: Scott Paper Company, Chester, Pa.



## Scot Tissue TOWELS

Reg. U.S. Pat. Off.

Copyright, 1939, Scott Paper Co.

BY THE MAKERS OF  
SCOTTISSUE, WALDORF AND  
SCOTTOWELS FOR HOME USE

## THIS PLAN MAY SOLVE THE PROBLEM OF LOANS TO EMPLOYEES

When an employee comes to you for a loan, you want to help him if you can. But probably it's against your company's policy to make loans to employees. After all, your company can hardly act as family banker to all your workers. Your directors may rightly feel that there is a task which should be taken over by a lending organization.

### Where Workers Can Borrow

To supply cash credit to workers is the job of Household Finance. At Household the responsible wage earner can borrow \$20 to \$300 to meet an emergency—a long illness, a serious accident or any one of the many situations when expenses total more than the family's savings.

Borrowers obtain their loans on their own responsibility. No bankable collateral is needed. No wage assignments are taken. No credit inquiries are made of friends or relatives. Getting a Household Finance loan is a simple, businesslike transaction promptly and privately completed without embarrassment to the borrower.

Those who borrow at Household repay their loans in equal monthly installments. These installments take but a small part of the borrower's monthly income. Thus workers of modest earnings can repay without sacrifice of living standards. The table below shows typical loans and repayment schedules. The borrower chooses the installment which best fits his budget.

Amount of Cash Loan	Amount Paid Back Each Month Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	15 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2 1/4% per month and based on prompt payment are in effect in New York and nine other states. Due to local conditions, rates elsewhere vary slightly.

### More From Their Incomes

Household renders another important service to wage earners. Household's educational program on money management and better buymanship shows families how to save on daily necessities—how to get more from their incomes.

The coupon below will bring you, without obligation, further information about Household service and how it can help your employees. Why don't you send it now?

## HOUSEHOLD FINANCE CORPORATION and Subsidiaries

Headquarters: 919 N. Michigan Ave., Chicago  
"Doctor of Family Finances"

one of America's leading family finance organizations, with 250 branches in 160 cities

HOUSEHOLD FINANCE CORPORATION, Dept. BW-9  
919 N. Michigan Ave., Chicago, Ill.

Please send me booklets about Household's family money service without obligation.

Name.....

Address.....

City.....State.....

## War Brings Shift in Labor Tactics

A WAR OF NERVES on the labor relations front was beginning this week, with likely indications of a full-fledged struggle between Patriotism and Pocketbook before long. The following trends, present and prospective, are outstanding:

1. Expecting increased governmental surveillance and the imposition of more "controls" if the war emergency continues, labor in all quarters is moving to make its demands for increased wages right away. Strike threats will accompany these demands if they bring refusals or protracted delays from businesses which are suspected of booming on war orders.

2. Patriotism will have its innings very soon. A strong move by Pres. Roosevelt to force C.I.O. and A.F.L. together—perhaps by a public appeal to the rank and file of the unions—is widely anticipated. A personal message delivered at the C.I.O. convention next month in San Francisco by Attorney General Murphy, for instance, could hardly miss fire.

3. After a few weeks, if war continues, labor leaders will become "statesmen" as they did in 1914-1919. It won't be patriotic to have C.I.O. fighting A.F.L.—and it may not be patriotic to strike, either.

4. Business management in most cases is prepared to grant wage increases, where the upturn actually has taken hold. If orders are heavy and prices are rising, the difference between 65¢ and 67½¢ an hour isn't likely to be a source of unyielding conflict. However, business doesn't have to be warned that wage differentials forced too far out of line under present necessity will be hard to readjust later.

5. The much-talked-about shortage of skilled labor is mostly a "potential" shortage at present, but if a war-time boom gets under way, the pinch will be felt where skilled machinists and tool-makers are needed. In the construction field, plumbers are scarce, and a real bulge would show eventual shortages among carpenters and other skilled mechanics. Worried not about the present, but about the near future, many business men and labor leaders are beginning to talk about joint councils for each industrial locality to survey the apprentice-training situation and loosen any restrictions which may hamper speedy building of new skilled labor reservoirs.

subjects indicated as guilty by the tests confess voluntarily; in police cases only 62% admit guilt.

Routine functions of the Deception Tests Service Co. will be to conduct: (1) pre-employment examinations to weed out undesirable applicants; (2) a periodic check-up of all employees; (3) periodic tests in departments showing persistent inventory losses (like perfumery and jewelry counters) in department stores; (4) examination of suspects in specific cases of theft.

Insurance and surety bonding companies on the Coast are showing considerable interest. Pre-bonding tests are said to have been so successful in uncovering criminal records or tendencies that surety firms are said to be offering 10% to 15% reduction in rates to "lie-detected" applicants. The technique has been applied for Coast insurance companies with considerable success especially in revealing faked accidents, arson and fraudulent claims. In some cases, claims are dropped on mere mention of a lie detector test.

### Reserved for Experts

Some concerns are debating installation of their own lie detector equipment. The experts frown on this, declaring that successful tests are a combination of a trained operator's experience and the performance of the instrument.

Stimulating the "lie-detector-in-every-office" movement is the Howard Lee Co.

of Berkeley, which manufactures an instrument selling from \$375 up. Deception Tests Service Co. will use detectors supplied by the only other manufacturer, Western Electro-Mechanics, Inc., of Oakland, at prices beginning at \$675.

## Ease Labor Tensions

**Government intercession ends Bendix strike and shipping squabble. Armour & Co. case still hangs fire.**

FEDERAL GOVERNMENT AGENCIES showed an increasing eagerness to move into troubled labor situations this week, and in two out of three cases of national interest helped promote domestic peace. The strike at the Bendix brake plant in South Bend, Ind., was settled by renewal of the exclusive bargaining agreement which the company had with United Automobile Workers (C.I.O.), and the threatening situation on the Eastern waterfront, which had delayed sailings of several ships while sailors argued for war-risk insurance, was eased.

Most difficult situation as this week began was found in Chicago, where Armour & Co. and a strong C.I.O. union had come to loggerheads. Sec. Perkins, who thought she had an agreement on the way after she met with both sides last month, was rebuffed by Armour officials when she asked for another meeting

this week. They said that the union wanted to talk nation-wide contracts, and the company was willing only to negotiate on a plant-by-plant basis—so why meet? Despite the refusal to parley, the government was not expected to back out of the quarrel, however, because meat is important right now and no shut-down of the packing plants is wanted.

The East Coast sailors, led by Joe Curran of the National Maritime Union (C.I.O.), looked like eventual winners in their demands for increased pay and for war-zone insurance. No one expected them to get the 100% to 150% increases in wages that had been sought, but with shipping rates rising they were pretty certain to get a slice of any increased business. And their request for insurance struck the public as reasonable.

Curran pulled a smart bit of public relations strategy late last week by agreeing to soft-pedal labor militancy until stranded Americans could be returned safely from foreign shores. In return, the Maritime Commission promised to do all it could to get war-risk insurance for the seamen, even if it had to go to Congress for special dispensation.

In the meantime, ships were on the way to Europe under agreements whereby the insurance and extra-pay discussions will be carried on between individual owners and the union, and any grants will be made retroactive to the present voyages. It is anticipated that a blanket wage agreement satisfactory to all will be reached within a month or so. This may also allow time for government help on the insurance angle.

## LABOR ANGLES

### Closed Shop O.K.

THE CLOSED SHOP is legal in Minnesota, according to a ruling by J. A. A. Burnquist, state attorney general. Under Minnesota's new labor relations act many employers and unions have been hesitant, and Burnquist's advice came after an appeal from the state labor conciliator, Lloyd J. Haney, in the course of negotiations between the Diamond Iron Works of Minneapolis and an A.F.L. union.

### Industrialized Craft Unions

C.I.O.'s DRIVE to unionize construction workers is matched by a trend in the A. F. of L. to consolidate its forces in the building trades. Reversing the split-off process of the past, the Federation is working in piecemeal fashion towards industrial unionism through a reduction in the number of craft units. The carpenters are actively trying to re-absorb many of the crafts, such as roofers. This is one reason why the carpenters have been involved in so many jurisdictional fights lately. An effort is also being made to bring plasterers back into the bricklayers' union.



## I lost Charlie... at the Races!

\*An incident from Statler service records, with names changed, of course.

YOUNG, lovely Catherine Quimby was puttering. Comfortable, in the soft luxury of a negligee, she moved about her cheerful room in our Cleveland house, as she waited for a phone call. Her sister Irene, and Irene's husband, Charlie Sanger, were due to meet her in Cleveland in the morning. In a little while they would phone from Indianapolis, where Charlie—crazy about auto racing—had dragged Irene for the first two days of his vacation.

... The phone on her bedside table tinkled insistently. "Indianapolis calling Miss Catherine Quimby" said the operator, but a moment later the smile of anticipation froze on Catherine's lips as Irene's panic-stricken voice came over the wire. "Catherine, I've lost Charlie! I got off the train to phone Aunt Doris and it's gone! I haven't a cent. What on earth shall I do?"

Some of Irene's panic seized Catherine, but she knew she must think of a way to help her sister. Then—"Irene, I don't know what to tell you to

do, but I'll ask the Statler manager, here. I know he'll be glad to help us. Tell me exactly where you are and give me the phone number. I'll call you back soon."

It was a poser, but our Cleveland manager went right to work. First, he sent a reassuring wire to the frantic husband searching for his young wife aboard a speeding train. Next a phone call to a business connection in Indianapolis, arranging for money and rescue by taxi. Then a wire to an Indianapolis hotel, explaining why the young lady would arrive sans baggage and asking cooperation in arranging for her transportation to Cleveland. And last, a call to the lonely phone booth in Indianapolis.

Now, what has this episode in Statler service got to do with your own stay in a Statler? Surely both you and we hope that you will never need such extreme cooperation from us, but Statler service functions in an emergency because every Statler employee is trained to "think from the guest's point of view."

*Stay*  
**HOTELS STATLER**

BOSTON \$3.50 • BUFFALO \$3.00 • CLEVELAND \$3.00  
DETROIT \$3.00 • ST. LOUIS \$2.50

HOTEL PENNSYLVANIA (\$3.50) • NEW YORK  
STATLER OPERATED

## MARKETING

ADVERTISING • MERCHANDISING • SELLING

### What Advertising Will Do

**After a careful check-up of current programs and a study of war economics, advertising men expect a rise, with capital goods promotion moving fastest.**

AS THE STOCK and commodity markets go about their business of predicting a war-boom for industry, advertising men are trying to figure how much of the boom will be translated into increased billings for them—and how soon. Surveying agency and media men, *BUSINESS WEEK* gets this consensus:

1. As far as national advertising is concerned, the war will have little or no effect on total billings for the remainder of 1939. Commitments are made weeks or even months ahead in most cases, and there is a necessary time-lag before the effect can be felt in monthly magazines and network radio. A few national campaigns have been cancelled in weekly magazines, spot radio, and newspaper—

mostly by travel accounts and companies dealing in imported goods—but these are at least offset by increased schedules in lines that stand to benefit quickest.

2. Retail advertising in local media (a better immediate barometer) has not been affected so far, one way or the other.

3. Substantial increases are expected for all media in 1940. Only question concerns the effect "if we get into it."

4. Capital-goods advertising will probably take to the boom faster than consumer-goods promotion.

First instinct of most advertising men, when Europe's embattled battalions went on the march, was to look back to the World War record. What happened to advertising from '14 through '18? Will

the same thing happen again? But the trouble is, such comparison is clouded by two considerations: first, the scarcity of reliable statistical information on the World War years; and second, the many differences in the situation of September, 1939, as compared with August, 1914.

The two wars caught business at opposite points in the business cycle. In 1914, business was sliding downhill; today, it's on the upgrade. In 1914, advertising was an incidental in the conduct of many businesses; today it's an item of primary consideration. In 1914, no one had an inkling of the full impact of war on the sale of goods; today, marketing plans have been shaped with war in mind.

#### For Sales Rather Than Tax

The available indices show that advertising went up during the World War years. After the preliminary panicky slump, industrial production began a climb that quickly developed into the boom that carried into 1920. The *Printers' Ink* Index of Advertising Activity shows the same pattern through 1918, save that its curve seems to climb neither as sharply nor as far. Then, starting at the end of 1918, advertising had an amazing two-year surge of its own as business men chose to spend their money to promote sales and good will, rather than let it swell the profits subject to Uncle Sam's high excess profits tax.

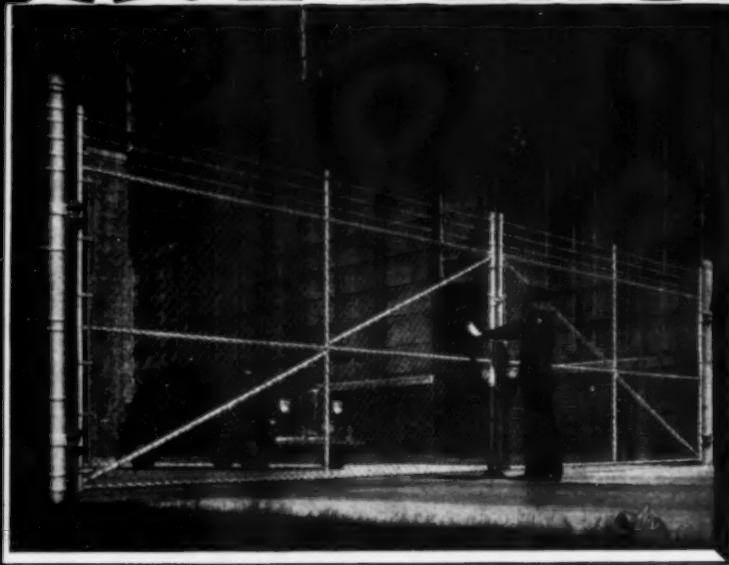
At first glance, it might appear that advertising did not get the full benefit of the boom up till 1918. But the fact is that it probably did. The *Printers' Ink* advertising index covers only general magazines and newspapers for the war years—in other words, consumer media. Yet the war boom was primarily one in capital goods. Business-paper lineage figures, which would reflect capital-goods advertising, were not assembled 25 years ago and the individual publication totals available cannot be usefully combined for charting purposes. Nevertheless, examination of such figures as can be collected leads clearly to the conclusion that capital-goods advertising went up at a rate far in excess of consumer-goods promotion—to an extent that would take up the apparent lag of advertising behind general business activity.

#### '39 Conditions May Cut Lag

Thus, if any lessons are to be learned from looking back, they are (a) that advertising as a whole will rise almost exactly as business as a whole, but (b) that capital-goods advertising will probably lead the way, for consumer goods catch the boom only on the rebound, as increased purchasing power begins to be felt down the line. Because war now finds business in a rising cycle, the lag this time may be very short.

That advertising men, after two weeks of consultation with clients, are making plans for expanded appropriations, is made clear by a *BUSINESS WEEK* survey.

## PAGE FENCE



### HOW HIGH IS AN 8-FOOT FENCE?

Of course an 8-foot fence is 8 feet high, but the point is that PAGE service will help you select the proper fence whether it be 4 or 14 feet high. PAGE—America's first wire fence since 1883—alone offers you a choice of five quality fence metals to fit all

atmospheric conditions and an exclusive wing-channel post designed for greater utility. One of our 92 Association Members is nearby to render skilled, courteous service. Secure his name and free literature—write PAGE FENCE ASSOCIATION, Bridgeport, Conn.

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More  
a tie-up

In off-the-record talks, letters, and wires, the country's leading agency executives give their opinions. A hundred could be quoted, but a handful gives the consensus:—

From San Francisco—"Completed today careful inquiries among largest clients representing cross-section of Coast business. 100% unanimity in opinion that all lines of Coast business are in for substantial increases in activity with resultant boost in advertising expenditures. This from top executives not talking for effect."

#### Stepping into Export Markets

From Chicago—"Our clients continue optimistic concerning 1940. Some counting on increased purchasing power at home, some plan to take full advantage of greater opportunities in export fields previously dominated by countries at war. A personal estimate on prospects would be 10% to 25% increase for '40."

From Atlanta—"There has been no curtailment of budgets already projected for the last quarter of this year on the part of any of our clients. In two instances, clients have increased budgets for fourth quarter. Every indication points to increased appropriations for 1940."

From Boston—"Clients building machine tools or serving machine tool builders are increasing advertising for balance of year. All others are maintaining current schedules."

From New York—"Indications favorable to equal or better appropriations from our clients in 1940. Travel and luxury accounts are exceptions, but small proportion of billing."

From Pittsburgh—"Anticipate no reductions, probably numerous increases in appropriations so long as this country remains out of war."

#### Sears' Store Policy

**Mail-order house denies it will add more associated and agency outlets.**

OFF TO A FLYING START last month, went a mercantile rumor that Sears, Roebuck & Co. was ready to launch a new set of distribution outlets. These would be associated stores and agency stores of independent ownership to sell Sears' brands of merchandise in communities where it has no retail establishments of its own.

Executives of the big mail-order house were astonished, flatly denied that the report has any basis in fact. Pres. T. J. Carney declared that for several years the company has had a few experimental connections of this sort, but the number of these has not been increased for a long while and no plan for increasing them is under consideration.

More than three years ago Sears made a tie-up with Gimbel's of New York, by

## BURIED TREASURE FOR THE 70TH CENTURY

*by Westinghouse*



Many people have asked us how the Westinghouse World's Fair Time Capsule came into existence. Why should an electrical company be so interested in what the people of 5,000 years hence think of us?

It all started with the slogan of the New York World's Fair. Most people, we knew, were thinking of "The World of Tomorrow" in terms of ten or more years. Why not, somebody suggested, take a real leap into the future?

Groups of scientists, to whom we appealed for advice, applauded the idea of preserving something for the future; said it was too bad the Egyptians, and the Sumerians, and the Mayas hadn't been as thoughtful. Librarians, printers, historians and others helped with suggestions for the Book of Record of the Time Capsule, which is expected to preserve the story of the Time Capsule for future generations. A committee of engineers decided that one of the newest alloys, Cupaloy, could be counted on to resist corrosion, pressure and other hazards for many thousands of years. By using the latest techniques, such as microfilm, we were able to cram an astonishing lot of information, and several hundred articles and materials of common use, into the Time Capsule.

Through it all, we had the help and enthusiasm of many of the country's foremost scholars and scientific men. In fact, it was an illuminating experience to learn how pleasantly men and women in all walks of life can cooperate in the working out of a simple, uncommercial, imagination-provoking idea. It was an emotional experience, too. On the day when the Time Capsule began its long rest, at the site of what is now the Westinghouse Building at the New York World's Fair, more than one person in the audience wiped tears from his eyes when the glistening Cupaloy Capsule began its solemn descent.

But what's the nub of it? Well, we think the Time Capsule attracted such wide and kindly interest because it is a sort of symbol of our age; an age of which most of us are intensely proud in spite of many difficulties and shortcomings. An age that not only believes it has something of great value to preserve and pass on to the future, but equally significant, one that *knows how* to preserve it—at least the material part of it.

We hope the "futurians" do find the capsule, of course. If they are so far advanced that the objects we have left seem only toys to them, we think they will nevertheless be interested to know that an age otherwise pretty intent on its own problems, still found time to think of the future.

# Bridal Suite to Hong Kong

(Attaché Kitteridge Brings  
His Bride Out From America)



1. Darling! If your first Pacific crossing is thrilling...you'll enjoy it even more when you're an *Empress* "commuter"!



2. See, Vera...here's living in the grand manner! Gaiety...comfort...and service, twenty-four hours a day...that's *Empress*!



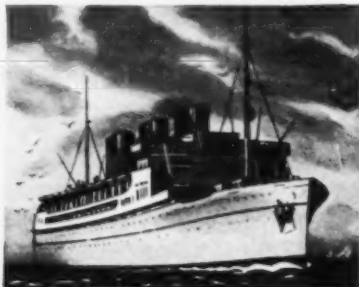
3. How's this? Imagine taking in Hawaii on our honeymoon, too! We've a whole day here for swimming and sightseeing!

"Go *Empress*" is a living legend of the mighty Pacific. Canadian Pacific's luxurious service is renowned from East to West! Frequent sailings to all the Orient from Vancouver and Victoria in Canada's Evergreen Playground. Or connect at Honolulu from California. See your agent or any Canadian Pacific office in the United States and Canada.

## Canadian Pacific

Since 1886...SERVICE on the Pacific

HAWAII • JAPAN  
CHINA • MANILA



4. *Empress of Japan*...largest, fastest on the Pacific. Round trip to Hong Kong, \$744 up First Class; \$446 up Tourist Class.

which the department store handled Sears' Coldspot refrigerator (BW—Feb 29'36,p6). This deal was not originated by Sears, was taken on in the face of prophecies that it probably would not be successful for seller or distributor. It did not disappoint the prophets, was discontinued after a few months, with no hard feelings.

### Experiment in Distribution

Meanwhile Sears proceeded with a limited program of building a few associated store and agency store connections to see how they might work out. Nobody will come right out and say so, but some observers have suspected these were experiments to devise a way around anti-chain legislation which was then spreading like a prairie fire.

The associated stores are mostly department stores in towns where Sears has no stores of its own. Each associate makes his own selection from the Sears hard lines, such as refrigerators, stoves, washing machines, pots and pans, and miscellaneous hardware. Both associate and agency stores place orders with the nearest mail-order headquarters, much as do company-owned retail stores. All dealings are conducted through the mail-order houses. Only exception is that if the merchant runs short of an item, a neighboring Sears store manager may help him out by lending some goods if his own stock is adequate.

There are 10 associated stores in Illinois, 9 in Ohio, 6 each in Wisconsin and Michigan, 2 each in Indiana and Minnesota, 1 in Iowa. Total volume from the 36 is small potatoes in the big house's totals. Total profits have been nothing to ring bells about. There have been few changes since the deals were first made, hence store owners are presumably satisfied. To Sears the plan has brought neither losses to speed its discontinuance nor profits to urge its multiplication.

### Good Enough to Keep Going

The agency stores make much the same sort of picture. These are small stores, dealing exclusively in hard lines. They carry primarily the Sears automotive supply items, look very much like Sears "B-3" stores except that the owner's name appears along with Sears, Roebuck on the sign. There are 24 agency stores: 10 in Indiana, 6 in Idaho, 3 in Montana, 2 each in North Dakota and Pennsylvania, 1 in New York State. They have done best in the Northwest where sparse population makes supervision of company-owned chain stores too expensive. Like the associated stores, these do well enough to be continued, not well enough to spread into every hamlet where they might compete with well-established outlets of Gamble-Skogmo, Western Auto Supply, and other automotive chain organizations.

A fair guess is that Sears, whether or not apprehensive of a resurgence of anti-

chain laws, associated an quietly gat do and wha retail distri the Colora ble-Skogmo stores are and the states' tax lines, make distinctly they were If the C appeal, or apathetic, associate a merchants If, on the c sion is up preme Cou anti-chain l stores doin on the ind

### Up Ch

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On THE H ment orde retail price in the Chi a price wa price of a 11e to 12 stores from retail price counter.

Borden-den Co., the territe play spac where its 1939 went farmers, 2 adds up pointed ou reader tha on its sale attention half, follo quart. In August 10 current pr ing losses. pany to n

### Cut-Price

Only dropped p inroads o had been portion of price boy no passes the cut-p labor, wh Chicago t tling plan

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nation. Most of the cut-pricers were buying milk at less than the farmers' official scale. Thus they held a double cost advantage over the big companies which had to play ball with the unions and with the producers' cooperatives.

The new federal order puts all distributors on the same cost for raw milk. And because pastures are badly burned by recent dry weather, farmers are not in the mood to undercut the stipulated scale. Thus the major distributors were in strategic position to raise prices right now.

Store retail prices have pretty well stabilized at 10¢ a qt., 2 for 19¢, whether for major brands or former low-price brands. The big distributors are happy about the whole thing, despite their pre-order misgivings. But they still have their fingers crossed.

## MARKETING ANGLES

### Keedoozle Expansion Plans

KEEDOOZLE, the Memphis grocery store arranged like an Automat, in which customers use electrical keys to start merchandise tumbling to a conveyor belt for eventual delivery at the cashier's desk (*BW—Apr 15 '39, p. 41*), is getting ready to go national. Charter has been filed in Nashville for a Tennessee corporation, Keedoozle Stores, Inc., to get the capital for coast-to-coast expansion. President and general manager will be Clarence Saunders, who built the equally whimsically-named Piggly Wiggly chain. Saunders says he has let franchises for operation of the automatic stores in Boston, Chicago, Philadelphia, Los Angeles, and Texas. Eventually, he says, there will be 25 or 30 in Memphis alone. Second of the Memphis stores opens next month.

### The Facts on Radio

JUST OUT is the new *Variety Radio Directory*. In its 1,352 pages are brought up to date all that reference material that has day-to-day value for those working with radio—data on stations, talent, newspaper radio editors, federal regulation, radio agencies, and programs. Special research feature is a report on 10 years of program analysis by the Co-operative Analysis of Broadcasting. Report shows that only one performer, Rudy Vallee, has stayed unfaithfully in the list of the 10 leaders.

### Nielsen Drops British Plan

A. C. NIELSEN Co. is temporarily calling off its attempt to introduce American market research to England. Three Nielsen executives, who went to London in July to set up a service similar to that by which U. S. manufacturers check on their own and competitors' retail sales, are still in Britain, but all activity has been suspended.

# PRODUCTION

PRODUCTS • PLANT • PROCESSES

## New Goodyear Plant

**New mechanical goods plant highlights expansion and decentralization of rubber industry.**

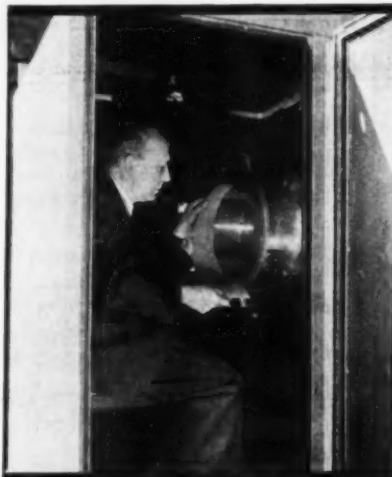
THE IMPORTANCE of products other than tires and tubes in the rubber industry's future plans was mirrored again last week with further plant expansion in the field of mechanical rubber goods.

Ground will be broken at once at St. Marys, O., 23 miles from the Indiana line, for a new \$1,000,000 factory where Goodyear Tire and Rubber Co. will turn out a variety of molded and extruded goods.

Announcement of the expansion came as Goodyear, and the B. F. Goodrich Co. (*BW—May 6 '39, p. 17*), which will start production in its new mechanical goods plant at Clarksville, Tenn. within 60 days, told their salesmen to take no orders at present prices on mechanical goods for shipment after Oct. 1.

That move was in response to rising prices on raw materials, principally crude rubber, and forecasts of industry-wide price increases on finished rubber goods.

## Fast Camera



*This camera, developed by General Electric to photograph electric arcs, takes 120,000 pictures a second. Instead of glass lenses there are 1,000 apertures, each of pin point size. The film is held inside a revolving drum drilled with these pin holes, and pictures are taken by spinning the drum. The camera is surrounded by a large steel case, thus provides its own dark room.*

As yet there's been no action on prices of tires and tubes which are always subject to "change without notice" but the war-spurred price rises definitely spell the end of tire price flurries and "bargain counter" sales which have plagued the replacement tire market all year.

Like Goodrich's \$1,500,000 Clarksville plant, Goodyear's latest expansion, which will employ 400 men, represents a definite intention to better its cost position in the highly-competitive mechanical goods field.

## Wages in Akron—and Outside

For Akron it means further decentralization, prompted primarily by the city's high wage rates for rubber workers. Goodrich's move to the South followed an unsuccessful attempt to initiate a wage-cut in its Akron plants in the spring of 1938. At that time the federal Bureau of Labor Statistics showed that in Akron Goodrich paid hourly wages of 91.7 cents to mechanical goods employees in its Miller division and \$1.01 in its main plant. In contrast, the average hourly rate in 150 out-of-Akron mechanical goods plants was 59.7 cents while the average in the state of Indiana was slightly under 49 cents. Goodyear's Akron rates probably compare with those of Goodrich.

Bulk of the rubber industry's molded and extruded goods goes to Detroit's auto makers who yearly find new uses for noise-eliminating, vibration-dampening and insulating rubber parts.

Mechanical rubber goods last year made up 18 per cent of the industry's total dollar volume. This year sales are even better for hose, belting, tubing and a host of other items and for the first six months were 30 per cent ahead of the 1938 period.

## Machining Hard Steel

**Metal-working industry develops methods of cutting 450 Brinell steel. Has "war value."**

IN THE MINDS of many executives and technicians in the metal working industry, one of the big regrets associated with the indefinite "postponement" of the Machine Tool Show (originally scheduled for Oct. 4-13) is the fact that they will not see the actual machining of heat-treated steel at a hardness of 450 Brinell. International Nickel Co., New York, was all set to demonstrate how a standard Warner & Swasey turret lathe could do the job, employing conventional high speed steel cutting tools to turn, chamfer, drill, and form. The turning cut, for ex-

ample, would have been performed on a heat-treated 2-in. steel bar at a speed of 42 ft. per min. and a feed of 0.012 in. The smooth surface produced, coupled with the lack of any tendency to tear, check, or burn, would have been good evidence that the job is not too difficult.

### Progress in Metal-Working

Executives who did their metal-working "bit" in the last war and who are not unaware of their potential responsibilities in the present hostilities will recall their tribulations in holding closely machined parts and mechanisms to size after heat treatment. Warpage proved to be not infrequent; scrap piles became major worries when more and faster production was the rule of the day. Since then metal working has made great strides. Heat-treating control has become so precise that changes in dimension become less and less of a problem. But where it has been necessary to machine after heat treatment, the upper machining limit for most commercial production has been pretty well fixed at 350-375 Brinell. 450 Brinell (and sometimes 500) is a big jump.

Meanwhile, metallurgists have been developing new steels containing nickel, manganese, chromium, and molybdenum. Automobile manufacturers are machining truck and bus axle shafts out of heat-treated S.A.E. "X4340" steel, which has particularly good depth-hardening characteristics. Aircraft manufacturers forge "spiders" for full-feathering propellers and crankshafts for engines out of the same steel, heat treating it to 450 Brinell before, not after, final machining and finishing.

### New Synthetic Fiber

**Vinyon, Carbide & Carbon's versatile textile, out of laboratory, is introduced. More coming.**

IT DOESN'T TAKE the highest raw silk prices in recent history (currently \$2.60 to \$2.80 per lb. and more) to make both textile men and textile wearers sensitive to new activity in the constantly broadening field of synthetic textile fibers. Ever since the birth of the first synthetic silk fiber in a European research laboratory some 30 years ago, the public has taken each succeeding synthetic figuratively and actually to its bosom. Today there are dozens of useful fibers on the market—Acele, Bemberg, Celafil, Lanital, Spun-lo Rayon, Teca, Tenasco, and a host of others. Tomorrow there will be du Pont's Nylon, already introduced to the textile industry, but awaiting the completion of an \$8,500,000 plant which should get into production around the turn of the year; Owens-Corning's Fiberglas, not really a synthetic, but a true spun glass which is just getting into the textile field via industrial filter cloths

New Sears, Roebuck store at Baltimore, Maryland. Nimmons, Carr & Wright, architects. Consolidated Engineering Co., contractors. Similar Sears buildings by the same architects at Chicago, Highland Park, Mich., and Glendale, Calif.



**Its Beauty  
is a Bonus...**

## First cost and upkeep are low when you build with CONCRETE

Concrete helps achieve architectural distinction at low cost because it permits frame, walls, floors and decorative detail to be cast in *one* thrifty material. Concrete can be molded into the shapes and forms desired, and finished economically in many surface textures. It gives the architect freedom of design; gives the owner a lasting, firesafe building that is low in maintenance.

Ask your architect or engineer

about the advantages of concrete for the building you have in mind. Write for booklet, "*The NEW Beauty in Walls of Architectural Concrete*," illustrating the possibilities of this versatile material (free in U. S. or Canada), or ask for one of our engineers to call.

### PORTLAND CEMENT ASSOCIATION

Dept. 9-12, 33 W. Grand Ave., Chicago, Ill.

A national organization to improve and extend the uses of concrete... through scientific research and engineering field work.

## ARCHITECTURAL CONCRETE

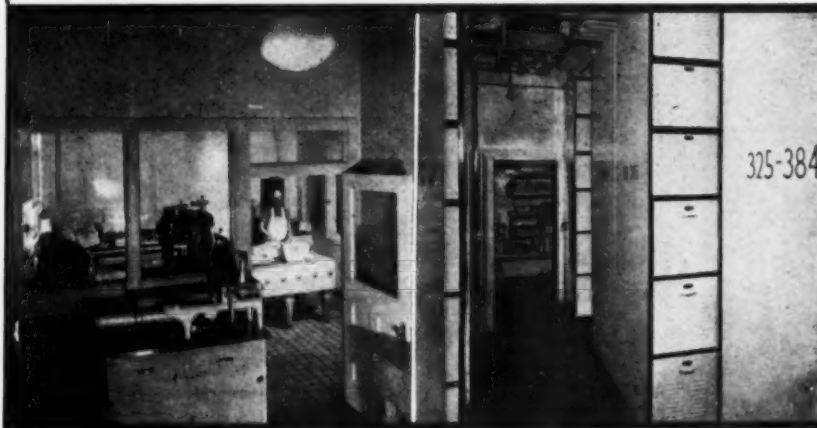
Architectural and Structural Functions Combined in ONE Firesafe, Enduring Material

## A Model Locker Plant



The deluxe new plant of the Cooperative Cold Storage Locker Co. in Champaign, Ill., is not only the last word in cold storage locker plants, but an indication as well, of the increasing popularity of the locker system. The front of the Champaign plant is smartly decorated with glass block and glazed tile. Inside is a lobby, office, toilet, store room, processing room (left, below), lard rendering and poultry room, smoke-

house, pickling room, bulk storage freezer, chill room, cooler, sharp freezer, and locker room. The locker room (right, below), has 600 lockers in tiers of six high, a constant temperature of 0°. Refrigeration is furnished by a 15 hp. Baker ammonia machine. In freezer, locker and bulk storage rooms Armstrong Cork's Corkboard is used—eight inches thick—for insulation. Four inches are enough in the rest of the building.



and decorative draperies; and Carbide's Vinyon, revealed semi-officially this week to members of the American Chemical Society assembled in Boston for their 98th national shindig.

### From Hosiery to Tents

Vinyon, a product of the research laboratories of Carbide & Carbon Chemicals Corp., New York, derives from a vinyl resin—essentially the same basic raw material which furnishes the sandwich filling for the newest type of safety glass. Textile men who have been testing it for about a year are particularly anxious to have the new synthetic avail-

able, because it promises a high degree of elasticity, wet and dry tensile strength, and water resistance. They look forward to using it in a large variety of textiles ranging from feminine hosiery and dress goods to industrial fabrics. Industrial chemists hope to utilize its resistance to many acids and alkalis in filter cloths. Electrical manufacturers are investigating its insulating properties. And tent makers and net fishermen plan to get the benefit of its reputed resistance to mold and rot. It seems to be clear that Vinyon can be produced in almost any filament size; knitted, woven, or braided on conventional textile machinery; and dyed to

the queen's taste. Mixed with cotton or wool, the new material promises to make possible garments which will actually hold a crease.

Rumors of numerous other new synthetic textile fibers break from day to day. Nine months ago, and again in July, two chemists in the U. S. Department of Agriculture were granted patents for a casein synthetic wool fiber produced by a method differing from that used in producing Italian Lanital. A big dairy products company with surplus casein on its hands is experimenting with a synthetic wool tentatively named Aratex. A corn products company is said to be seeking means for extruding its new corn plastic, Zein, into textile fibers. Both a large automobile builder and a large varnish maker experiment with synthetic fibers based on protein contained in the ubiquitous soy bean. A plastics manufacturer works out on Parmalon, said to be a "vinylidene chloride derivative," and one of the biggest producers of industrial chemicals (not directly associated hitherto with textiles) is reported to be working on a hosiery yarn whose name may be Etho-raon.

Commenting on all the textile fiber activity in the current issue of McGraw-Hill's *Textile World*, its editors cross their fingers until rumors become facts, saying, "It appears certain that some of the new fibers will find extensive use in the manufacture of apparel, household, and industrial fabrics. It is probable that some of the new fibers will never emerge from the laboratory."

## Oil Wells Come Back

Oklahoma project emphasizes value of repressuring. Gas is used to get oil.

MOTORISTS absorbed in news about the oil shutdown paid little attention to a despatch late last month which reported a plan to repressure over a thousand Oklahoma oil wells. The gasoline buyer is vitally concerned just the same. Repressuring forces gas back into petroleum sands and aids in bringing the maximum barrelage to the surface. By increasing production of new fields and reviving production of old ones, it stretches out the recoverable reserves, builds reserves, and helps keep down prices.

Oklahoma operators were stimulated in their discussions of what promises to be the biggest project of its kind on record by a state survey indicating that the campaign would help recover an additional 600,000,000 bbl. of oil. An area of 50 square miles is affected. Natural gas would be used to repressure Wilcox sands. Water flooding (*BW—Oct 10 '36, p30*) and air pressure might be used in other horizons.

In explaining repressuring, engineers

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compare underground oil deposits to a corked bottle of carbonated water. Petroleum lies saturated in sand and contains imprisoned natural gas. Uncork a bottle of highball seltzer and the gas forces the water out the top; drill down to an oil pool and the gas forces petroleum to the top of the well.

Repressuring gathers the gas as it comes to the surface, pipes it to a central plant where it is compressed and returned to the oil sands through an "input" well. This forces the petroleum into producing holes where it rises (or is pumped) to the surface.

### When Pool Dries, Gas Can Be Sold

The wise operator does not wait until his wells are exhausted to employ this technique. He turns the gas back as soon as the pool begins to flow. This is called "pressure maintenance" and the continued circulation of the gas from well to compressor to oil sands is "recycling." Failing pools can be repressured by buying gas from an outside source. After the pool has been milked dry the operator can still recover something by selling for fuel the gas he has been using.

The idea is old. In 1903 demonstrations showed the value of injecting gas back into shallow wells. But up to 1913 gas was considered a necessary evil. It was allowed to blow off and as a result millions of barrels were lost, probably forever.

Since then improvement of the recovery methods and agitation for conservation have led to the wide use of repressuring. It is generally ignored by the small producer whose only interest is to get the oil out of his well (and incidentally away from competitors who have wells in the same pool) as fast as he can cash it in. The plan works best where a pool is controlled by a few strong companies. They can get together to share the expense of a single repressuring plant and can adjust details to the best interests of all concerned. Under these scientific methods, up to 60% of total deposits can be recovered; without proper conservation, production is only 25 to 30%.

### Increment for the Osages

The Osage tribe of Indians is heap happy over repressuring, since it has added greatly to its royalties. In Oklahoma's South Burbank pool, 15 operators unitized their 2,720 acres for repressuring in 1935. By 1938 they were pumping back 15,000,000 cubic ft. of gas daily, and cooperating producers outside the unitized zone were returning an additional 3,500,000 ft. per day.

In one North Texas lease that was to be abandoned, the method was applied and had, within a few years, brought up half as much oil as the property produced during its original activity. Costs per ultimate barrel through repressuring are estimated at as low as 30% of those resulting from unscientific pumping.



## PACKAGING



## New Cereal Carton Design Features Fruit and Fun

Sutherland Paper Company Produces Krumbles Package Series for Kellogg Company; Attractive Six-Color Cartons Perform Multi-Purpose Sales Job.



The new series of six Kellogg Krumbles cartons, being manufactured by the Sutherland Paper Company, Kalamazoo, Michigan, demonstrates the many merchandising duties that can be performed by effective packages.

Direct-color photography was used to show combination dishes of fruits and popular Kellogg breakfast food. Four-color process engravings embellished by two additional colors in line work were employed in printing the striking Krumbles packages. Each of the six boxes offers an added sales suggestion for the particular fruit illustrated with Krumbles and cream.

### Attract Shopper's Eye

Fruits selected for the carton series illustrations were bananas, prunes, peaches, strawberries, raspberries and blackberries.

Besides proving a popular promotion among progressive retailers because of related item tie-up, the Krumbles cartons have won the good will and commendation of fruit and berry growers.

So delicious and appetizing do the golden, crisp Krumbles and luscious fruits appear on the packages that they quickly attract the shopper's eye, and suggest interesting breakfast menu variations. The skillful use of color and unusual fidelity of printing reproduction make these packages "stand-out" numbers on any grocer's shelf.

### Party Games Series Occupies Reverse Panel

Additional family and juvenile interest is developed on the reverse panels of Krumbles packages. Each of the six cartons pictures in color a different party game. Forty-nine of these "fun for the whole family" games are

put up in booklet form and sent to Krumbles' users for a box top and postage.



### Faithful Reproduction Important Factor

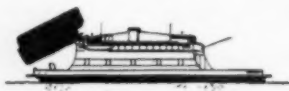
That Sutherland Paper Company, Kalamazoo, Michigan, was chosen to manufacture six-color Krumbles cartons is not surprising, because modern facilities and ability to faithfully reproduce direct-color photography on carton board were important to Kellogg Company. Selected for these packages was Sutherland's Clay-White carton board, ideal for sharp, clear, colorful printing.

Kellogg's artists designed Krumbles cartons, but Sutherland maintains a complete department of highly talented package designers whose ideas have been enthusiastically received by large and small manufacturers.

Sutherland's merchandising counsel has added effectiveness and plus values to many old packages, has created hundreds of entirely new packages which earned immediate recognition.

## AMERICAN HAMMERED PISTON RINGS

CUT CYLINDER WEAR 25%



**STARTING AND STOPPING** is a strain on an engine, and a ferry starts and stops so frequently that the service is particularly severe.



**THE CLAIBORNE-ANNAPOLIS FERRIES**, John M. Dennis and Governor Nice, make 150 starts and stops a day apiece. The average cylinder wear for similar engines throughout the country is about three-thousandths of an inch per 1,000 hours of operation.



**AMERICAN HAMMERED** Piston Ring Division's Gold Seal Rings are used in the Claiborne-Annapolis Ferries. When the engines were recently examined, the cylinder wear was only three-quarters of a thousandth of an inch per 1,000 hours or 25% the average. And the Gold Seal Rings were in such good shape that they were put back in the engines.

LET KOPPERS SOLVE *your*  
PROBLEMS

Koppers American Hammered Gold Seal Rings met and solved a serious service problem for the John M. Dennis and the Governor Nice. If you have any problem involving any of the following, Koppers may have your solution also: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Materials-handling Systems, Pressure-treated Timber Products, Tarmac Road Tars, Waterproofing, Bituminous-base Paints, Ships, Barges.

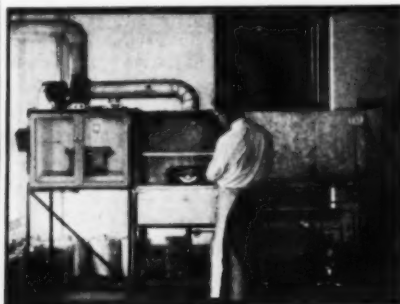
Koppers Company, Pittsburgh, Pa.

**K O P P E R S**

## NEW PRODUCTS

### Business Machine Cleaner

It is **UNNECESSARY** to dismantle typewriters, calculators, and other business machines to remove dirt and grit when



the New Method Typewriter Cleaning Unit is used. Patented recently by New Method Typewriter Cleaning Co., Inc., 37 E. 21st St., New York, the unit consists of a dry-air blower, a pressure bath, and a drying oven. The bath utilizes a patented cleaning fluid which contains a lubricant. Factory adjustments are not disturbed.

### Proportioning System

**ANY NUMBER OF LIQUIDS** may be pumped, proportioned, and mixed in one operation with the new Bowser Xacto Proportioning System. As developed by S. F. Bowser & Co., Inc., Fort Wayne, Ind., each liquid has its own Xacto meter; each meter is hooked to and controlled by an easily adjustable proportioning mechanism. The system will even give a printed record of every gallon mixed, if desired.

### Faries Copy-Holder Lamp

**NEWEST ADDITION** to the Faries "natural light" line is the Faries Copy-Holder Lamp, which has a simple ratchet adjustment for tilting the stenographer's notebook to any desired angle. Faries Mfg. Co., Decatur, Ill., makes the lamp in



two models: one to stand on the desk, the other to be attached to the desk.

### Hay Fever Relief

**TESTS** in the Department of Allergy, Roosevelt Hospital, New York, indicate that a new type of gauze-like air filter

in the Carrier Room Ventilator, developed by Carrier Corp., Syracuse, will remove upwards of 98% of all air-borne ragweed pollen in one passage through the unit. Continued operation of the unit, which fits into any window, reduces the pollen count practically to zero.

### New Bookkeeping Machines

A **NEW FRONT-FEED CARRIAGE** on the Remington Rand Model 490-ZF Non-Descriptive Bookkeeping Machine opens automatically for insertion and removal of forms. The journal, which takes a carbon copy of all postings, is back-fed. It is



noteworthy also that Remington Rand Inc., Buffalo, N. Y., the maker, has completely electrified two of its Descriptive Bookkeeping Machines for 1940. In a typical accounts receivable operation the operator types the previous balance, taps the date key, and records a description of the transaction, whether credit or debit. The machine then automatically "tabulates" into the balance column, delivering the new balance and proving it without further attention.

### Exposure Meter

**EFFICIENT ENOUGH** for everyday outdoor photography, yet costing only 25¢, the



Argus Exposure Meter (extinction type) of International Research Co., Ann Arbor, Mich., is made of Lumarith, comes in a leather case with a card listing shutter speeds, stops, and instructions. Lumarith is a product of Celluloid Corp., New York.

### Monsanto Oil Additives

**TWO NEW CHEMICALS**, each an organic derivative of phosphorus, are being produced by Monsanto Chemical Co., St. Louis, Mo. When added to automotive

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engine oils in amounts of less than 0.1%, Santolube 31 increases "oiliness," or film strength; Santolube 36 retards the corrosive action of oil on bearings.

### Roller Action Fender Guards

ATTACHED TO BOTH ENDS of an automobile bumper, the new Signal Roller Action Fender Guards protect the car against



over-riding and locking of bumpers in traffic. Signal Mfg. Co., Lynn, Mass., which makes them of chromium-plated spring steel, is also making Signal Fender Clearance Guides for theft-proof attachment to the tops of the fender guards.

### Polymeroid

NEWEST FINISH to come from the laboratories of Ault & Wiborg Corp., 75 Varick St., New York, is Polymeroid, made with a Polymerin base. When sprayed and baked, it produces a hammered appearance which is at the same time smooth to the touch. In all colors, the new finish will cover minor surface defects in metal like weld spots and file scratches.

## PRODUCTION ANGLES

### Draftsmen's Efficiency Up

LAST SUMMER, Detroit Edison checked the output of its draftsmen and found they were getting out 8,988 "work units" in 5,008 man-hours. Meanwhile, the draftsmen moved into a new windowless building, completely air-conditioned and illuminated electrically with 50 foot-candles at the drafting table top. This summer, thanks to the conditioning and lighting, the draftsmen required only 3,872 man-hours to do 10,474 work units—a 51.4% increase in efficiency. No longer does work become smudged by hot sticky fingers; no longer do the tired eyes of tired men bring about time-consuming errors.

### Booklets on Varied Subjects

(1) "BAUSCH & LOMB Binoculars—Inside Information on Binoculars," Bausch & Lomb Optical Co., Rochester, N. Y.; (2) "The Resistance of Ni-Resist to Corrosion by Sewage," International Nickel Co., 67 Wall St., New York; (3) "Faster and More Uniform Welding (Thyratron-

Controlled)," General Electric Co., Schenectady, N. Y.; (4) "For Faster Filing and Finding," Globe-Wernicke Co., Cincinnati, O.; (5) "Over the Rough Spots, a Handbook of Floor and Building Maintenance," Stonhard Co., Philadelphia.

### Repairs Plated by Brush

FREQUENTLY IN PRINTING it becomes necessary to make corrections and repairs on engravings and electrotypes. A little "lead" is melted in; a little hand-chasing is applied, and the press rolls on. One printer was worried recently by repairs showing up in the printed page, until he found he could cover up the repair by "brush plating" the whole printing plate with copper or nickel, using a portable brush plater made by Rapid Electroplating Process, Inc., 1414 S. Wabash Ave., Chicago.

**The Smooth Redipoint Action Pencil**

ACKNOWLEDGE FIRST ORDERS WITH REDIPOINT

**BROWN & BIGELOW**  
*Remembrance Advertising*

MANUFACTURED EXCLUSIVELY FOR ADVERTISERS ST. PAUL, MINN.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS

# NEENAH

*Look for Neenah in the watermark*

No matter what your business paper is an important "raw material."

It could not function without paper for its records—with no means to contact customers by mail.

Neenah's fine rag content business papers have been standard for important letterheads and business forms more than half a century. They are strong where strength is needed—permanent where long life is required—attractive in outward appearance. And their cost is little more than for the cheapest papers.

Write for the story of how Neenah's papers are made, and for samples. Ask your printer to use a Neenah paper.

*Fine Rag Content Bonds, Ledgers, Index and Lightweights*

MANUFACTURED BY NEENAH PAPER COMPANY, NEENAH, WIS

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS

# MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

## \$5,500,000,000 Boom

Conservatively estimated, that's how much has been added to the total value of common stocks. But some stocks hit new lows as war babies rise 15% to 20%.

MARKETS SLOWED UP A BIT in this the second week of the war. Instead of plunging headlong into investments that seemed at first glance to be war babies, investors exercised caution and judgment. There was profit-taking on a tremendous scale by those who had bought stocks at much lower prices earlier in the year. And there even was a dribble of short selling by intrepid traders who felt that the initial rush had carried prices up too far and too rapidly.

Nevertheless, the stock market averages this week attained a new high for the year, topping the peak of last January by an appreciable margin. All told, from Sept. 1 to Sept. 12, somewhere between 5½ and 7 billions of dollars was added to the total value of all common stocks listed on the New York Stock Exchange. The reason the advance can't be measured any closer is that so many stocks without war appeal were barely steady—or even lower—at the very time when the war babies were scoring advances of almost unprecedented proportions.

The erratic character of the stock

market over the last fortnight is fairly well demonstrated by comparison of two of the best known stock market averages. Standard Statistics' compilation of industrials, from the start of the war boom to the point where new highs for 1939 were recorded, was up almost exactly 20%. That of Dow, Jones & Co., on the other hand, rose only 16% in the same period.

The same characteristic of the market is demonstrated by the fact that no fewer than 20 to 25 industrial common stocks touched new lows on days when 100 to 150 other common shares were forging to new highs. In short, it has been a market in which shares with speculative appeal were the whole show, and many of the old investment favorites scored modest gains, if any.

### Judge 1939 by 1939 Facts

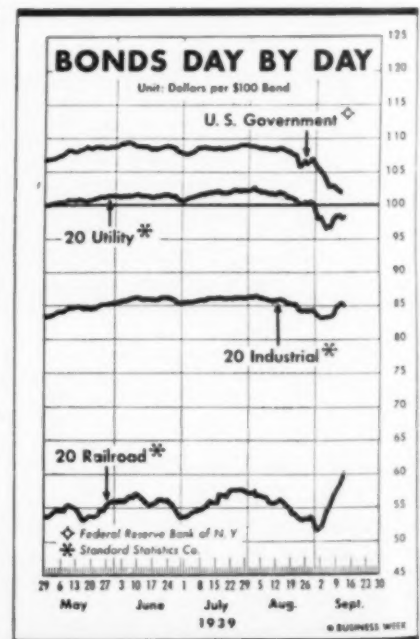
In such a market, it is of paramount importance to stock buyers to know where the opportunities lie. This information can best be gleaned from the action of the market in the early days of this week. By that time, Wall Street

analysts had had time to put on their thinking caps and judge 1939 prospects on the basis of 1939 facts; they had had time to discard the fallacies which might creep into their thinking through recourse to simple comparisons with the situation in 1914.

Here are the groups of common stocks on the New York Stock Exchange in which highs and lows were recorded on Sept. 11 and 12 (the figures indicate the number of highs and lows recorded in each group for the day):

Group	Highs		Lows	
	Sept. 11	Sept. 12	Sept. 11	Sept. 12
Aircraft	8	4	..	..
Auto & Accessory	6	4	..	..
Amusements	..	..	3	1
Arms & Ammunition	2	2	..	..
Building Materials	..	..	2	..
Business Machines	..	..	1	2
Chemicals	17	12	..	..
Coal	13	5	..	..
Foods	3	2	5	4
Gold Mines	..	..	3	2
Investment Trusts	3	2	..	..
Leather & Shoes	3	3	..	..
Liquor	..	..	3	1
Machinery & Tools	13	6	..	..
Meat Packing	2	..	..	..
Metals	11	3	1	..
Oils	9	7	..	..
Paper	5	3	..	..
Publishing	1	1	..	..
Railroads	3	14	..	..
Rail Equipment	..	1	..	..
Ships & Shipbuilding	7	3	..	..
Steels	24	15	..	..
Stores	2	1	1	1
Stoves & Furnaces	..	..	2	1
Sugar	1	..	..	..
Textiles	4	3	..	..
Tobaccos	..	..	1	5

The fact that one store stock was down to a new low while two or three hit new highs is accounted for by Woolworth's interests in England and Germany—it was the weak sister. Similarly, International Nickel, which is subject to



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Canada's war taxes, was the lone metal to get into new low ground. The single group in which there seems to be a wide difference in speculative attraction is the food list. There, of course, it's a problem of figuring which companies will get foreign orders along with higher domestic prices and which ones will be held back by trade-marked, standard-priced products.

Not only was there a highly selective character to the market as between groups of stocks, but there also was a good deal of switching as leaders in the upswing began to look "tired." The rails, for example, got little play until Tuesday of this week. They came into prominence when most of the industrials were moving lower under tremendous profit-taking, and they continued upward when the market surged forward under the leadership of the steel shares.

## FINANCIAL ANGLES

### Try and Collect

UNDER THE TERMS of the standstill agreement, the \$325,000,000 German short-term debt to British, American and other creditors was to become due immediately on notice. When war broke out, the banking consortium served such notice, and \$65,000,000 American claims matured at once. But the chances American institutions have of collecting are suggested by the Manufacturers Trust Co. which promptly wrote down its \$5,880,000 *Stillhaltung* claims to \$1. Breaking the news, President Harvey D. Gibson wrote shareholders: "Naturally no one can predict at this time whether German obligations will or will not be collectible. It should be borne in mind, however, that the greater part of our German claims represents United States dollar obligations of some of Germany's most important commercial and industrial enterprise, guaranteed by leading banks and bankers of that country. These banks and bankers successfully weathered the vicissitudes of the Great War and survived the results of that war and the subsequent inflation period." The bank set up reserves to cover the potential loss in full, but New York institutions this week were still trying to figure out ways of salvaging their claims. French and British banks, of course, are not participating in the conferences.

### Fruits and Vegetables

LARGE-SCALE GROWERS of fruits and vegetables (and processing companies as well) in California will be pleasantly affected by war if prices continue to act as they have so far. One of the sharp rises was that of \$1.25 a cwt. in beans. Dried fruit went up 1½¢ to 2¢ a lb. Growers and processors already see vexing surpluses dwindling and cash returns growing on crops of fruits and vegetables

for both drying and canning. There remains the fact, nevertheless, that export conditions are chaotic. England has issued orders that all imports of canned fruits and vegetables excepting canned tomatoes require a license, which complicates matters. The license requirement doesn't mean a ban on imports, but it indicates that England will control supplies to meet pressing needs and to fit the availability of ships to transport the foods.

### TNEC and Insurance

THE LIFE-INSURANCE BUSINESS long has feared that its very bigness tempts the federal government to attempt its regulation or actually to take it over. The course of the Temporary National Economic Committee's hearings has done nothing to dispell this fear. However, there are thousands of men in every state in the union who will bring counter pressure to bear on their Congressmen. They are the life agents. As Minnesota's agents met in annual session late last week, Harry Levant of Eveleth sounded a warning on the federal attitude which may be expected to be echoed wherever agents meet for some time to come.

### Work—and War

WHEN MEMBERS of the Financial Advertisers Association gathered in Toronto for their convention this week, their arrival coincided with Canada's declaration of war. They met amid all the evidences of preparations for active combat. There were recruiting stations in the parks, regiments on the march, armed guards at the power plants and the bridges. Nevertheless, it was the customary four-day session, climaxed by the annual election of officers. New president is Stephen H. Fifield of the Barnett National Bank, Jacksonville, Fla., who suc-

**Bankers Life Bldg.**  
**Des Moines, to have**



**Refrigeration**  
**for Air Conditioning**

Using three big Frick Machines, totaling 650 tons capacity—a cooling effect equal to using 1,300,000 pounds of ice a day.

The air conditioning system, designed by Charles S. Leopold, includes radiant heating and cooling by pipes within the outside walls. Tinsley, McBroom & Higgins, Architects; Pennsylvania Engineering Company, Contractors.

Join the thousands who benefit by Frick Refrigeration and Air Conditioning; it will increase your earnings. Get figures now; write Frick Co., Waynesboro, Pa.

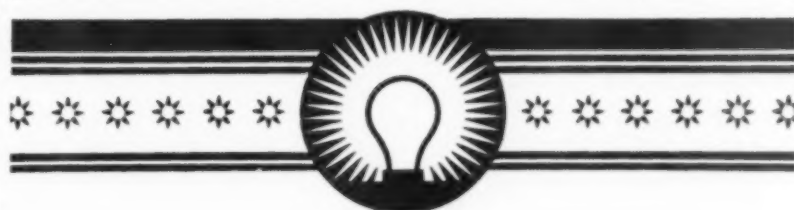
### LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

September 8th, 1939.

THE Board of Directors declared a dividend at the rate of 50¢ per share on the outstanding Common Stock of this Company, payable on September 30th, 1939 to stockholders of record at the close of business September 19th, 1939. Checks will be mailed.

DAVID BERNSTEIN  
Vice-President & Treasurer

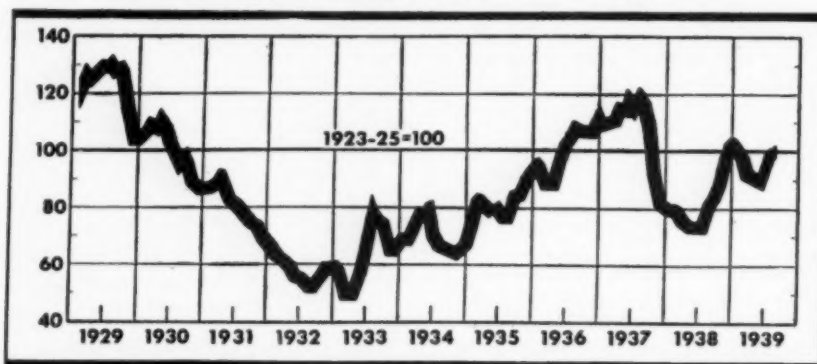


THE PUBLIC UTILITY INDUSTRY as a field of sound investment was early recognized by this organization. Over a thirty-five-year period, it has participated as an original underwriter in 812 bond, note, and debenture issues of public utility operating companies. The aggregate par amount of such issues is well in excess of \$4,500,000,000.

CHICAGO, 201 SO. LA SALLE STREET • NEW YORK, 35 WALL STREET  
AND OTHER PRINCIPAL CITIES

**HALSEY, STUART & CO. Inc.**

## Monthly Index Up Slightly in August



*Business Week's Monthly Index of Business Activity for August advanced to 101.9 from 100.7 in July. This compares with 84.5 in August, 1938. August was the second consec-*

*utive month of leveling off, but the fact that this period of consolidation of gains is probably ended is indicated by the index for the first week of September, which rose to 108.2.*

ceeds George O. Everett, First Citizens Bank & Trust Co., Utica, N. Y.

## Sugar Sidelights

IN THE SUGAR MARKETS this week the big news was President Roosevelt's suspension of the marketing quotas which brought an immediate drop in raw sugar quotations. These short-range manifestations were, of course, important enough to obscure some of the results which are to be expected. First off, there are some 800,000 tons of excess-quota sugar which will automatically be released. Much of this storage or "ever-normal granary" sugar is in Louisiana and Florida. But another thing which may be confidently predicted is that those states will boost acreage while the lid is off. When and if the government again takes up quotas, it will find larger output in the South an established fact. The South will demand—and get—some permanent recognition of that expansion, and it probably will come off Cuba's quota.

## Through the Wringer

A SECOND MAJOR RAILROAD NOW has secured Interstate Commerce Commission approval for its reorganization plan and has had that plan approved by the courts. It is the Chicago Great Western, which follows the Chicago & Eastern Illinois by a few weeks. Great Western's common stock is wiped out under the plan, the debt scaled down, and a means provided for raising new money. The road now must go to its securities holders, seeking two-thirds approval from all classes. If the necessary percentage of assents is not obtained, the court can force the holdouts to accept.

## Service to Members

THE RUBBER MANUFACTURERS Association decided, in the recent crisis, that it had a duty to its members. As the price

of rubber boomed on the war news, the association declared that it was convinced that there would be enough rubber to go 'round in this country. Then its representatives went to Washington. They ascertained from the State Department that the cotton-rubber barter deal with England would be carried through. They got assurances from the Maritime Commission that ships would be available to transport the barter rubber. And they noted that the international cartel had boosted quotas in order to supply the barter rubber. All this information they submitted to members in an additional memorandum, reaffirming the conclusion that there would be no shortage. In addition, they reported at midweek that 66,717 tons of rubber are afloat on the way to United States ports, the largest total since November, 1937.

## Trouble, Trouble

THE FEDERAL RESERVE BANK OF New York has been having its troubles in supporting the government bond market these days. Week before last, to stem the decline, it required over-the-counter dealers to submit the names of sellers of government bonds, to determine whether or not they were making legitimate sales; last week, it rescinded that quite unpopular order. This week, trading in governments on the over-the-counter market was closer to normal—and Treasuries continued to drift lower. And this time the bank told dealers that they might at least stop trading in the bonds by 4 o'clock, so that the bank employees could get home on time.

## Delay on New Issue

THE BOND MARKETS of the last fortnight have not been of a sort in which new issues are sold. In fact, many refunding issues which were ready or almost ready for market a few weeks ago may never

see the light of day, because of the manner in which interest rates have stiffened. The Public Service Co. of Indiana, however, hasn't given up hope of selling its \$38,000,000 of 3½% bonds and \$10,000,000 of debentures. It has asked the Securities and Exchange Commission to delay the effective date on the registration for these securities, expects to come in from time to time with further delaying amendments to its application. If, before too long a time elapses, it decides to go ahead with its refunding, it then will not have sacrificed all the time and money it takes to register new securities.

## New Business

BACK IN THE BOOM-BOOM twenties, quite a hullabaloo was stirred up when banks transferred their securities from the New York Stock Exchange to the over-the-counter market. The reason they offered was that they did not want their issues to become speculative footballs, lest the public get wrong ideas about the way these institutions were run. This week, George P. Rea, president of the New York Curb, was out to woo these unlisted bank shares—for his Curb market, of course. He also would like to list some insurance shares.

## Pocket Money

MONEY IN CIRCULATION is at an all-time-high, passing the 1933 bank-run peak of \$7,251,000,000 by \$10,000,000. Ever since the 1933 bank holidays, currency in use has been on the rise. Reasons are many:

1. Closing of banks scared depositors; people learned to prefer cash in the pocket and under the mattress to money in the bank.
2. Bank earnings dropped, and carrying charges were instituted. Many persons closed checking accounts, required more cash.
3. Foreign hoarding of American banknotes—a hedge against their own currencies—took cash abroad and more was required for home use.
4. Member banks of the Federal Reserve system have been keeping more money on hand. They've had such large sums of excess reserves that there has been no real incentive to keep cash down to the optimum working efficiency.

Hoarding by foreigners has not been as big a factor lately as it was last spring during the Italian conquest of Albania. The expansion in business and the general tendency for Americans to use more cash have been the major influences. Low interest rates, moreover, tend to discourage savings. Whatever the reasons, money in circulation is in a long-term uptrend.

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## BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

### Market for Sale: Latin America

**Germany's out, Britain's grip must inevitably loosen. There's a U. S. sales opportunity for almost anything from needles to locomotives. Here are the figures.**

IF YOU MANUFACTURE almost anything from needles to locomotives, there's a big new market for your goods in Latin America—a market that was worth \$250,000,000 last year and is likely to be bigger this year as rising commodity prices boost the purchasing power of the 20 Latin American republics.

It is the market that has been supplied by Germany. In the last war, it took just six months for Germans to fade almost completely out of the Latin American trade picture, and almost everyone—particularly the Latin Americans—expect the same thing to happen again during this war.

Britain's hold on many of the South American markets is likely to loosen too, but if Britain is able to control the seas, and to maintain the manufacture of goods for export in spite of tremendous domestic demands for war supplies, the British will not disappear from these markets any more than they did during the last war.

#### How Will Latin America Pay?

Plenty of questions have already been raised about how Latin America will pay for increased imports from the United States unless we are going to replace Germany and some of the other European countries as purchasers of the raw materials produced south of the Rio Grande. And they are legitimate. But for the moment, business is content to work on the assumption that Britain and France are going to boost their raw materials purchases tremendously—perhaps enough to take up the slack left by Germany. And Paris and London are prepared to pay in gold or some kind of free exchange.

Germans have had the tightest hold on the Brazilian market, sold it nearly \$75,000,000 worth of goods last year. The Germans nosed out the Japs for first

place as a supplier of wool yarn, and were second only to the British in the supplying of cotton piece goods. They virtually controlled the import market for iron bars and rods, for wire, and for locomotives. The United States managed to dominate the Brazilian trade in rails, but Germans still shipped in nearly 25% of the country's needs. Germany was first and the United States second on about the same scale in the Brazilian market for electric motors, with Britain the third supplier. For almost everything from textiles to sewing machines, the United States is already in the Brazilian market and should be prepared promptly to go after the business formerly controlled by Berlin.

The Argentine was the Reich's second largest South American market. Germans shipped it large quantities of machinery, iron and steel products, chemicals and drugs, and electrical equipment. The United States or Great Britain outsold the Germans in almost every line, but they were good seconds in some (particularly electrical equipment and machinery), and rather important third suppliers of pharmaceuticals and metal

manufactures. Working doggedly in every city in the Argentine, they managed to build their sales last year to nearly \$50,000,000.

In Chile, they offered keenest competition in the chemical, drug, and paint fields, where, in almost every case, they provided more than half of the imports, with the United States a good second. The United States dominated the machinery, tool, and automobile markets, but the German share was large enough to be important to the salesman who is now laying out his plans for a drive to secure this potential business. The United States is already an important second in the glassware and ceramics fields, and should be set to get an important part of Germany's 40% of that import market.

#### More Business from Colombia

Yankee salesmen are already combing Colombia for business growing out of the war readjustments, and are making real progress. Business for the first seven months of this year was already running 28% ahead of last year. Germany has been a major supplier of only a few textile and pharmaceutical lines in Colombia, but has done a good business in hardware, hand tools, barbed wire, iron and steel products, and sewing machines.

The German market in Peru last year amounted to barely \$12,000,000, and Japan will be after a part of this business because of the accessibility of the market to Japanese Pacific shipping. Nevertheless, American export managers note that the Peruvians have been buying considerable quantities of rayon goods from Germany, and that the United States might be able to strengthen its position as leading supplier of metal and wood furniture if the Reich withdraws completely from the market. The same thing is true of the Peruvian market for paints,



Shipments of U. S. goods to Latin America are going to skyrocket now that Germany, which last year sold \$250,000,000 worth of goods there, finds herself pretty effectively blockaded from supplying these markets.

The devotion of news columns everywhere to war abroad enhances the importance of *Business Week's* job of interpreting business abroad. The war will inevitably interfere with that part of the job that has been done by this publication's European correspondents by weekly cable and radio. However, they should be able to continue reports on the business background of the war, now of far more value than the heavily censored war news. For the "duration," much of this reporting will be found in *Business Week's* War Business Department. Meanwhile, the new importance of our markets in Canada, Latin America (see editorial, page 60), and the Far East will be recognized in the coverage of "Business Abroad."

### ARE PROSPERITIES AND DEPRESSIONS AVOIDABLE?

Professor Joseph A. Schumpeter of Harvard University has written a new analysis of the causes and mechanism of business cycles, which includes a detailed discussion of the economic history of the United States, England and Germany from 1786 to the present time. In the light of past history, the present cyclical behavior of interest rates, of total expenditure, of banking policy, and of international economic relations is studied. **BUSINESS CYCLES**. Two volumes (not sold separately), 1088 pages. \$10.00.

### A FRESH APPROACH TO MARKETING PROBLEMS

This new book discusses the role of the consumer and how it affects all types of business, the new type of competition against which business firms must struggle, the importance in every business campaign of having the right price on the product, the increasing necessity of knowing costs in all forms of marketing merchandise, the way in which transportation and storage affect the marketing process. **MODERN MARKETING**, by C. W. Barker and Melvin Anshen, Indiana University. \$2.75.

### HOW MUCH WOULD IT MEAN TO YOUR PRODUCTION DEPARTMENT

in the next 12 months, if it could increase its operating efficiency by even a small percentage?

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is the ABC of corporate suretyship for field men, company men, agents and brokers. The entire subject, broken up into its component parts, is given a lucid and nontechnical treatment, from organization and management of a surety company to an analysis of each special type of surety bond. **CORPORATE SURETYSHIP** by G. W. Crist, Jr. 439 pages. \$4.50.



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What Latin American countries will profit most from rising commodity prices and special war buying remains a question, though the feeling is general that Brazil, with its strong dependence on coffee and cotton, is in a less favorable position to benefit than many of the countries, at least during the first months of the war. Germany is expected to withdraw almost completely from the coffee market, and other European countries will not increase their consumption importantly. Brazilian cotton will also suffer from the withdrawal of German buyers, and Britain and the rest of Europe are expected to shift to New York for cotton because of the more reliable standards and greater facilities for financing and shipping.

Argentina stands to get major benefits. Though Britain is going out of the Argentine wool market under a contract

to take all of Australia's clip during the war, that same contract will probably push the United States into Argentine wool in a big way. The 1938 jump in wool prices since the outbreak of war has been worth nearly \$50,000,000 to Argentine sheep raisers, in terms of 1937 exports. Rising business activity in the United States will also increase the demand for Argentine flax for linseed oil. Warring Europe will continue to be No. 1 customer for beef and wheat.

Despite all of the questions about foreign exchange, import licenses, defaulted obligations, and expropriations, there is good business ahead in Latin America. Rising commodity prices will solve some of the immediate problems: cooperative planning, which may get under way at the Panama neutrality conference of the American states, may help to remove others. Meanwhile, Latin America is proving to be as eager as the United States to talk business.

## Peace and Trade Hopes in China

American business men think projected U.S. Japan talks may mark end of war in China, thanks to anti-Comintern crackup, and reopening of markets.

TOKYO (*Business Week Bureau*)—The sudden breakdown of the anti-Comintern axis may put a stop to Japan's campaign of conquest in China within the next few months. Foreign observers in Japan expect Tokyo officials to manifest a co-operative attitude when they get around to talking with Washington about a new commercial treaty. And up and down the China coast American business men may again look forward to a few places in the sun.

Japanese business and officialdom have not yet recovered from the panic into which they were thrown by the breakdown of the anti-Comintern axis just four weeks after Washington's abrogation of the American-Japanese commercial treaty exposed Japan to the hazard of losing her most profitable export market and of being deprived of vital raw materials.

The China campaign, which was launched more than two years ago, is lingering on without substantial Nipponese advances, and is gradually straining Japan's economic resources to the endurance limit. Productive expansion is slowing down, even reversing in some important sectors of industry, such as coal and gold production.

Plans are ready to curtail distribution of electric power and coal for any but military consumption. There is a threatening shortage of rice as crops are being increasingly affected by shortage of labor and fertilizers. Other vital food products are being exported to scrape up

exchange for the importation of munitions.

It is apparent that the German action affects Japan's position in the Far East far more decisively. It signifies that Hitler doesn't care any more about cooperation with Japan; that he gives the Kremlin leaders a free hand to act in the Far East as they please; and that in the event of a Soviet-Japanese war Japan could expect no help, economic or otherwise, from her erstwhile ally.

It also nullifies, in practice, the recent German-Japanese trade agreement, through which Japan hoped to insure herself against an American embargo on machinery and arms.

### Crucial Decisions Demanded

Thus, Japan finds herself confronted with (1) the war in China; (2) a serious war with Soviet Russia, as distinct from the indecisive border skirmishes in the Far East which have so far led to no real showdown; and (3) strained relations with the United States and Great Britain. Against this, Japan has no single ally or sympathetic friend, with the merely theoretical exception of the Italian government.

How is Japan going to cope with this discouraging situation? Most observers here believe that Tokyo will seek its way out of this dilemma by bowing to the democracies, England and the United States in the first place.

This would involve recognition of their vested trade rights in China and an

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early stop to the fruitless hostilities on terms which will be acceptable to China's legal government. Japan will then speedily withdraw her troops from China to meet a potential Soviet challenge.

Against this most likely development, some extreme commentators take the view that it would be more sensible to seek an understanding with Soviet Russia in order to continue the present course in China. While the possibility of a Soviet-Japanese rapprochement cannot be entirely ruled out, it is most unlikely that the Kremlin, after having paid dearly for Hitler's permission to take free action in the Far East, will be satisfied with a Japanese promise of non-aggression without additional assurances that China will never become Japan's ally. This means that peace will only be possible if China is assured of her independence by immediate cessation of the Japanese campaign of conquest, one of whose objectives admittedly is the creation of a special "anti-Comintern zone" in China.

Thus, no matter from what angle the foreign business man looks at the situation in China, peace already lurks behind the clouds, and most probably some fine business too.

## Canada's War Taxes

**Dominion parliament gets proposal for excess profits tax, higher income taxes, and new luxury levies.**

OTTAWA (Business Week Bureau)—Canada formally declared war on Germany this week, and two days later settled down to discuss a war finance program which will boost defense expenditures \$100,000,000 this year, create an excess profits tax, boost personal and corporation income taxes, and levy a tax on tobacco and liquor—all in an effort to maintain, as far as possible, a pay-as-you-go policy.

Of the three new taxes proposed this week, the most important to business is the excess profits tax (assessable in addition to taxes that must be paid under the income war tax act), which provides alternative tax plans: (1) a graduated tax on profits in excess of 5% of capital or (2) a straight 50% tax on all profits in excess of the average of the last four years.

The graduated tax runs from 10% on profits running between 5% and 10% of capital; 20% on profits between 10% and 15% of capital; 30% between 15% and 20% of capital; 40% on 20% to 25% of capital; and 60% on all profits above 25% of capital.

The individual income tax is boosted by a 20% war surtax, and the corporation tax is jumped from 15% to 18%, or from 17% to 20% if a consolidated return is filed.

Also requested in the financing program is a government appropriation of \$30,000,000 for new equipment for the Canadian National Railways. This is double the amount ordinarily demanded for peacetime replacements.

First of the new defense expenditures will go for the development of a fleet of "mosquito" boats to patrol coastal waters in search of submarines.

Canada has almost no fighting planes, though appropriations were made as long as two years ago for an air force. Authorities lay this delay to the decision of the government to develop production slowly along the lines laid down by the British of building plants for mass output and holding up all construction until assembly lines are ready for mass production.

### Orders for Uniforms

Canadian business is already feeling the effects of the war boom, despite threatened restrictions on prices and profits. Retail trade is running considerably ahead of last year, and although no expeditionary force is being organized yet, tailors are swamped with orders for officers' uniforms.

Part of Canada's fleet of large cargo carriers is likely to be pressed ultimately into transoceanic service to replace ships sunk in the submarine warfare which is already assuming important proportions. Shipyards which have been idle since the last war are being reconditioned for dry-dock and repair work.

Compared with 25 years ago when the last war started, Canada is in a particularly favorable position as a supplier of base metals. Copper production has increased 700% since the last war. Lead output has risen 1,100%. The Dominion is now the world's main supplier of nickel.

Stocks of all of these producers have been featured in the recent rise on the stock exchanges, but the threat of drastically curtailed profits now is cutting into their prospects as speculative investments. In Canada, all "war babies" will be equally affected by the tax; in international markets, however, Canadian war shares already are moving against the trend.

### War Helps Out Farmer

Col. James L. Ralston, World War soldier and former Defense Minister, has been hurriedly placed in charge of national finances in the Dominion in the place of Finance Minister Dunning who was forced by ill health to resign. Following announcement of the war budget, Minister Ralston is expected to suspend action for the establishment of the Central Mortgage Bank which was in process of organization when the war came. Rising commodity prices and growing markets for farm produce will automatically alleviate the need of the farmer for debt assistance.



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## WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

### First to Be Affected

**New business so far is mostly domestic, but manufacturers prepare to meet huge foreign demand. Machine tool makers get inquiries. Ship-building speeded up.**

FIFTEEN HUNDRED WORKMEN were called back by the Pennsylvania Railroad this week because railroad executives decided it was time to start building new equipment to handle business which the war is bringing to American industry.

In Cleveland, the Monarch Machine Tool Co. has increased its work day, lengthened its work week, and jumped its payroll to 650 men (it was 275 in 1929). Orders booked in the first two weeks in September are as large as in any like period in the company's history.

Buyers for eastern department stores, seeing their European novelty lines shut off by the war, turned up in Los Angeles last week seeking the new and novel. Los Angeles manufacturers of novelties appear to be cashing in at last on their efforts during the last few years to build a reputation as a center for giftwares and unusual merchandise.

Though the war is only two weeks old, it has caused a tremendous pickup in business, but most of it, so far, has developed at home among industries which see the opportunity for tremendous domestic and foreign orders in the near future and are tooling up to handle them. Desks of export managers are piled high with cablegrams and air mail letters from all over the world inquiring for goods which foreigners, for one reason or another, would like to buy from this country in the immediate future.

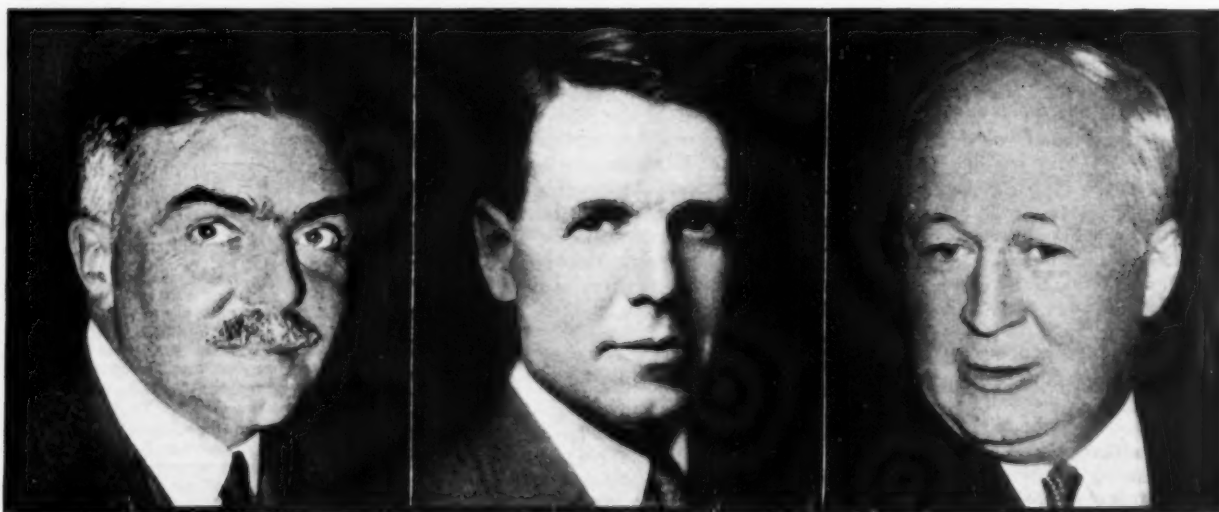
Our own shipbuilding program accounted for some of the most important business which loomed into sight this week. The Maritime Commission, confronted with the daily withdrawal of British ships from lines running out of United States ports to important foreign markets, has called for bids on 33 cargo vessels in addition to the 103 con-

### The Polish Prize

SHOULD GERMANY SUCCEED in winning control over Poland, she would certainly win something worth fighting for—fertile agricultural lands chiefly devoted to cereals (normally two-thirds of the population is engaged in agriculture), rich coal deposits (potentially more than twice as large as those of France), petroleum fields (one of three main European producers), huge deposits of potash, salt, lead, and zinc. In addition, she would gain valuable textile, chemical and rubber industries, built in the interlude between the first and second World Wars. Already, this week, with the German army advancing beyond Polish Silesia, the zinc and lead properties of Anaconda Copper's Polish subsidiary fell into German hands. Latest available figures below show net Polish exports that would accrue to Germany; not shown are the metal and mineral potentialities which would supplement the Third Reich's resources and which would be speedily exploited by Germans:

	Net Polish Exports (in thousands)	Net German Imports
Wheat and flour...	\$5,901	\$65,607
Butter .....	7,472	85,606
Eggs .....	11,636	60,791
Meat and poultry..	49,116	65,071
Swine .....	10,473	30,395
Rye flour, rye and barley .....	29,126	23,676
Cattle .....	2,028	32,014
Zinc .....	9,325	8,182

### Emergency Advisers—\$1 Each



Washington's first \$1-a-year men since 1917 are the members of Secretary of the Treasury Morgenthau's emergency advisory board—the three bankers pictured here: Earle Bailie, chairman, Tri-Continental Corp., and a member of J. W. Seligman & Co.; W. R. Burgess, vice-chairman, National City Bank; Tom K. Smith, president, Boatmens National Bank, St. Louis—and

three economists: Jacob Viner of the University of Chicago; Walter W. Stewart and Winfield W. Riefler of the Institute for Advanced Study, Princeton University. The economists, says Morgenthau, have been hired "just to sit and think." As thinkers, they will anticipate economic and financial stringencies, which the bankers on the board will ease.

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## The War Week in Business

### At Home

**War Orders**—Three industries benefited heavily this week in the first rush of war business—both domestic and foreign: steel, machine tools, aircraft.

Canada was a heavy buyer of Great Lakes pig iron. Demand from European neutrals is still largely in the inquiry stage because of the scarcity of available ships, though some foreign business has been booked. Domestic demand came mainly from the railroads (tooling up for heavier business), the automobile industry, and shipbuilders. Direct war orders await action on our neutrality act when Congress convenes next week.

One Cleveland machine tool manufacturer is reported to have booked \$1,000,000 worth of business in one day, a big portion of which went to Canada. Many of the machines were built originally for exhibition at the machine tool show. Arrival in Canada of British military experts to coordinate production is expected to create heavy Dominion purchases of machines in this market. Aircraft parts will be ordered later if the neutrality law permits, and Great Britain is reported ready to place big shell orders if permitted. A French buying mission is still in this country, and the Soviet Union and Japan are also placing considerable business.

Because Canada is unable to go speedily into mass production of planes, big new orders for United States builders await action on neutrality. British bottlenecks in aircraft production continue and would force big orders for parts if this country permits shipments.

Other industries which have jumped sales or production to meet special demand this week are iron ore (big rush to get Minnesota ores to Chicago and Cleveland-Pittsburgh districts before the lakes freeze up), coal (growing demand at home, in Canada, and possibly in Latin America, due to curtailed European shipments), timber and wood pulp, sugar, Christmas novelty lines (Europe is finding it difficult to ship), shipbuilding (the government is placing orders for 30 more ships in addition to the 102 under construction), and maps (production has gone on a 24-hour basis). One American exporter of razor blades claims he has scored his first victory over the Germans in booking a consignment of blades to Costa Rica.

There has been an important increase in foreign inquiries for all kinds of goods, especially from Brazil, Argentina, Colombia, and Central America. Topping the list this week were electrical equipment and machinery items.

**Trade Conditions**—Shipping became a major problem this week as the average number of vessels sunk in submarine warfare since the beginning of the war approached three a day. Shipping freight rates were boosted from 33½% to 50% on European runs, and exporters clamored for war risk coverage on cargoes captured by Allied ships.

British ships were steadily being with-

drawn from services away from home for war duty. And Germany joined the Allies in the battle on contraband. Both the Germans and Allies are stopping and searching neutral ships for contraband which, if found, is subject to confiscation.

Europe discontinued its transatlantic and South American air services this week. Pan-American Airways continued full schedules.

Trade associations and export groups are warning members to check daily against new shipping, credit, export and import, and foreign exchange regulations. Credit ratings for almost all large import agencies abroad are available at any of the big American banks which specialize in foreign business or through the Foreign Credit Interchange Bureau of the National Association of Credit Men in New York.

**Regulations: Neutrality**—Until Congress acts on the neutrality legislation, items embargoed for shipment to belligerents remain exactly the same as they were throughout the Spanish war.

**Shipping**—Practically all shipping lines operating across the North Atlantic to any European ports have boosted freight rates 33½% to 50%, effective at once. Members of the Pacific Coast European Conference also voted the same rates—all due to soaring war risks. Carriers in the United States-River Plate and Brazil service announced that no revisions will go into effect before Dec. 1.

According to a report by the National Foreign Trade Council, which has made a canvass of shippers and exporters, "c. i. f. (named foreign port)" terms cover only marine insurance and do not include war risk. The seller should arrange to cover war risk, at an extra charge, if requested by the buyer.

Effective at once, all exporters must present a pier permit before goods for shipment will be accepted by any line at its piers. This is to avoid congestion caused by changes in shipping documents, now demanded by the government, and by shifts in sailing schedules.

### — And Abroad

**Germany**—Stock trading was small on the Berlin Boerse this week, and there were small price declines. The Reichsbank officially took over the Bank of Danzig and introduced German currency throughout the Danzig zone.

War economies forced the government to cut meat rations, including sausages, to one pound a week and to demand the confiscation of all rubber tires except on specially licensed cars.

Germany declared an economic blockade of Great Britain and drew up a list of contraband goods which will not be allowed to enter British ports, even on neutral vessels, if discovered by the German submarine patrol.

**Great Britain**—Stock market activity is returning to normal, with prices irregular. Commodity trading continues

under strict war emergency controls. Utilities are feeling the effect of blackout rulings, though the cut in electric consumption is partially balanced by rising industrial demand. Newspapers have reduced their size to conserve newsprint. Movies have been allowed to reopen, but only patrons carrying their gas masks are admitted; also, theaters must close at 10 p.m.

The government is gradually taking over all warehoused stocks of food. Import quotas on hams and bacon have been removed, allowing greater purchases from the United States.

Imports from the United States during the first seven months of items now on Britain's restricted import list amounted to about \$11,000,000. The full list is available at any British consulate or from the Department of Commerce, Washington.

Sterling was heavy all week.

**France**—Stock markets are open, trading is in moderate volume, and prices are steady. The franc is weak.

Full foreign exchange control has been put into effect, but foreign property and security holdings of French citizens have not yet been commandeered.

Effective Oct. 1, a 15% tax on all wages and salaries is decreed.

**Italy**—Shipping to all parts of the world was resumed this week. Rail traffic between Italy and Germany has become so heavy that some trains are being routed through Switzerland. German coal is moving south; Italian foodstuffs are moving north.

**Canada**—Industry is being mobilized as quickly as possible for active cooperation with Britain. There is no longer any question of British orders; London wants all of the equipment and supplies Canadian industry is capable of producing. Dominion subsidiaries of American companies are said to be ready in many cases for almost instant conversion to war requirements. Other American executives are in Canada discussing plant expansion or new branch factories.

Proposed new excess profit taxes (page 55) have met with general approval, though they caused stock market prices to react.

**Spain**—More Export-Import Bank credits may be available for shipments to Spain and Portugal, both of which are inquiring in this country for goods—mostly machinery—formerly supplied by the warring nations.

**Latin America**—Argentina has removed import restrictions on many items including building materials, fuels, metals, chemical and medicinal products, motion picture film, and certain electrical equipment. Bolivia has suspended all foreign exchange transactions. Goods should be shipped to Bolivia only on a cash in advance basis. Venezuela has reduced import duties on a long list of goods including lard, wheat, rice, oats, and butter. Price fixing has started in food lines.

tracts which have been placed in the last 20 months (page 7). The new contracts alone will account for expenditures of more than \$65,000,000.

Most machine tool manufacturers are booked months ahead on both domestic and foreign account, but French and British agents are reported ready to make contracts for shells on a mass basis if the neutrality embargo is lifted. Canadian buying was a feature this week, with British military authorities in the Dominion pushing plans to make Canada a great arsenal for the Allies (page 55).

While there was some cancellation here of British and French business in the general merchandise field during the first two weeks of the war, traders were confident that some of these orders would be restored and that new business would develop rather quickly from the mass of inquiries which have been received from Latin America since the outbreak of hostilities in Europe (page 53).

Features of the second week of the war were the continued submarine campaign against belligerent shipping and the consequent rise in war risk insurance and shipping rates; the planning of a heavy excess profits tax in Canada which is likely to be copied here eventually; the steady growth of government controls over prices, imports and exports, and production in countries throughout Europe and South America. All are warnings to Americans of things that can happen here—and soon.

## Wool in War

WOOL IN NEW YORK this week sold at \$1.16 a lb., up 30¢ in two weeks. In part, the rise could be traced to the damming up of stocks by Australia (from which we normally get 20% of our supplies). But shutting off Australian wool will not necessarily hurt the domestic wool textile industry. Last year, American producers supplied 89% of our consumption needs. Furthermore manufacturers will not now have to compete against woolen goods imports from England.

## First Blood

THIS WEEK began the sombre task of chalking up the economic casualties occasioned by the outbreak of war in Europe. By mid-week, 24 vessels had been torpedoed (16 British, 4 German, 1 French, 3 neutral), and the loss of one of them, the British freighter *Olivegrove*, drew first blood from the American Cargo War Risk Reinsurance Exchange. The freighter *Wacosta* became the first American ship to be stopped by a German U-boat, while the freighter *Black Osprey* was the first to be searched for contraband by the British. Meanwhile, shippers were having difficulty in getting seamen. The crew of the Norwegian freighter *Gezina* (bound for a West Indian port with a cargo of coal) signed on only after it was assured \$2.50 in pay for every \$1 it formerly received.

# Business Week

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## THE TRADING POST

### "Faces We See"

I'VE JUST BEEN LOOKING through a book that is refreshing as a cool breeze on a sultry afternoon. It's by Mildred Gwin Barnwell and is published by the Southern Combed Yarn Spinners Association, of Gastonia, N. C.

As fair warning, I should say right here that it will not appeal to communists and their fellow-travelers, advanced "liberals" and left-wingers generally, because it is not designed to prove how lousy the American system is and how frightfully it "exploits the workers".

On the contrary, it tries to raise a small, modest voice above the critical din just enough to remind us that there are still some happy normal Americans even in the mill towns of North Carolina. Mrs. Barnwell compiled her book to answer the question, "What do cotton-mill people do beside work in cotton mills?" In doing that, she shows, to use her own words, that "steady employment, good wages, ample leisure time, pleasant community life have made of cotton-mill workers a people of integrity and character who lead simple, normal American lives, who wonder what part of the South folks are talking about when it's called Economic Problem No. 1".

It is a picture book, and what little text it carries is every bit as interesting as the pictures. From these pictures it appears that there are some people down there whose faces somehow didn't get into that recent pictorial slumming trip through Dixie, called "You Have Seen Their Faces". This book is called "Faces We See", and it's a welcome antidote to the propaganda that dwells only on the shortcomings of our institutions. There is so much of that these days that we almost forget the evidence of our own senses. So much of the seamy, "realistic (?) side of American life is being dished up to us by the stage, the "social" novels and the shrewd process of selective propaganda, that we almost do forget the bright, normal side that we know is there.

I'm sure that Mrs. Barnwell would not expect her book to leave with its readers the notion that all her Southern mill folks are supremely happy and contented, and that in and around the mill towns want and misery are unknown. Anyone with a grain of sense knows better than that. But I'll bet that her pictures of the mill folks and their doings are more typical of the real thing than are those of kindred folk presented in the social literature of our time—both "artistic" and official. And I'll bet too that most readers will lay the book down, as I have done, relieved to glimpse

the other "face" of the subject and grateful that someone has showed it to them.

This is not intended to disparage the constructive work that is being done to ventilate social evils and to better conditions. That job we always have had with us and always shall have. But in times like these, when the need is so great and the effort so widespread, it is too easy for us to play up the evils and play down the good. After all, American institutions have brought rich gifts to most of the people—Mrs. Barnwell's book, incidentally, throws some new light on the transition of the hill folks to the mill towns—and if we are not careful, we are in grave danger of destroying the good that has been won in our efforts to abolish the evils.

For we may be sure that some evils will be with us always. Utopia still is the land of "nowhere". At best, we can expect no more than to achieve a high average and reasonable distribution of well-being. But if we are to get practical results in that quest, we dare not set up as our sole guide purely theoretical standards of perfection. We had better include also in our yardstick some comparisons with what has actually been realized elsewhere. And by that standard, I doubt that our system, for all its detractors and for all that remains to be done, need be ashamed.

That's why books like "Faces We See" are so worthwhile just at this point. We need them to balance the vehement—and sometimes hysterical—voices of protest, to remind us that we do have in our country some happy "faces" and that they are the normal ones. And we need them most of all to warn us that in revising our institutions in the hope of righting the evils, we should not forget the well-being of the great majority who have been helped by those very institutions to achieve the standards they now enjoy.

### Crusade

THE PLUMBER'S LITTLE WOMAN is definitely a commercial helpmeet, it was pointed out at a recent convention of the National Association of Master Plumbers in Minneapolis. They are after the unsanitary rest-rooms. And whenever one of the 3,000 in the women's auxiliary finds a rest-room below standard, she leaves with the offending management a card of admonition: "We regret we cannot recommend your rest-room on account of unsanitary conditions". If a check-up discloses no improvement, a report is made to health authorities. Thus, to adapt an old adage, "the hand that rocks the cradle rules the rest-room."

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# BUSINESS WEEK

*The Journal of Business News and Interpretation*

September 16, 1939

## What About Latin America?

IT TOOK THE UNITED STATES two years after the beginning of the last war to discover what rich customers for American manufactures its neighbors south of the Rio Grande could be, particularly when mature European competition for their business was removed. This time, the picture is altogether different.

Today Buenos Aires cleans its teeth with United States toothpaste, listens to the early morning news broadcasts on a radio familiar to Topeka, rides to the office in the latest model car from Detroit, sips an ice cream soda in the afternoon, and winds up the day at a movie produced in Hollywood. Despite oil expropriations in Mexico, harassing laws against foreign investments in Brazil, and annoying friction over dollar exchange in Argentina, Latin America, even in not-too-prosperous 1938, accounted for half a billion dollars worth of export business for us.

There is reason today to expect an export boom in this region, almost from the beginning of the war.

As in 1914, Germany—one of the “big three” suppliers to Latin America—is expected to be cut off from its American markets; Britain, if the war continues and is intensified, will be too busy at home to keep up with foreign demands for its goods. And Latin America, despite its progress as a manufacturer during the last 25 years, still lives mainly on its exports of raw materials, most of which are already in feverish demand at rising prices in world markets. Argentina still provides Britain with its bully-beef, and most of its bread. Sugar from all around the Caribbean will help keep the soldier's sweet tooth satisfied.

BUT THERE ARE DISSIMILARITIES IN 1939 which are even more important. This time the United States starts the war period as No. 1 supplier to Latin America. It knows its markets in each of the countries; it has its own commercial agents and its own well-organized banking facilities among them; small but modern United States ships ply regularly along both the east and west coasts, and air connections with all of the countries are more frequent than any Europe has provided. This time, United States manufacturers and exporters know not only how much their competitors have been selling in Latin America, but also the exact quantities of specific items. A ready-made market is awaiting exploitation.

Among old timers in the business—and among experienced diplomats in Washington—this is a cause of concern as well as of elation. For 1939 provides the United States with more than an occasion for a tem-

porary export boom in the neighboring countries in this hemisphere. It offers an opportunity to wipe out some of the trading blunders of the past, the unpleasantness produced by a few unscrupulous adventurers during the first World War, the thoughtlessness of an immature nation unaware of the potentialities of lasting friendship with its southern neighbors. It opens up the way for a real “good neighbor” program.

IF ANY SUCH PROGRAM is going to be carried out, however, new responsibilities must be acknowledged on both sides. Latin American governments will never acquire the foreign capital they need to develop their rich resources as long as they threaten and expropriate foreign property without compensation, or without even the benefit of international arbitration. Nor will they find a friendly market in the United States in times of trouble, if they discriminate against this country's business when things are going smoothly and when they can open other markets for their products.

But because the United States is bigger and richer and, commercially, more mature, the real responsibility rests with us. We cannot afford this time to assume, even at the beginning of the war, that as long as our competitors are out of the running, we can unscrupulously name our own prices and set our own standards in this trade. This is our opportunity to build for the future: to establish our own agents throughout Latin America instead of relying on British, or German, or French firms that will drop our lines when they can again be regularly supplied from home; to cater to the special demands of a vast Spanish- and Portuguese-speaking world, predominantly Catholic, and extremely proud of its independence; to cooperate in, rather than dominate, the economic development of these countries; and to command respect by insisting on impartial treatment for everyone and firm adherence to international law.

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